

Yangpu District

Research Report on the Investment Environment in Yangpu District, Shanghai



Shanghai



Nanjing ○

Nantong ○

Suzhou ○

Shanghai ○

Hongqiao International Airport ✈️

Jiaxing ○

Hangzhou ○

Ningbo ○

Yangpu District

✈️ Pudong International Airport



Deep cultural roots

- Educational institutions with a heritage of over 100 years
- Over 100 years of developed industry
- Over 100 years of urban planning

One of the first urban districts included in the national innovation program

- Knowledge-based services sector
- High- and new-tech industry

Geographical advantages

- An urban center within Shanghai
- Location overlooking Lujiazui across the Huangpu River with close proximity to the Bund
- Convenient access to Shanghai Pudong and Hongqiao International Airports

Deep talent pool

- A state-level base for human resources innovation
- Home to 14 universities
- Home to numerous national university high-tech parks, national labs and research institutions

Preface

"To grow a tree, you need 10 years. To cultivate a society, you need 100."

"Knowledge Yangpu": fertile ground for growth, knowledge and talent.

Shanghai's Yangpu District is one of the first districts in China selected to participate in a national program to develop innovation hubs within urban areas. As one of Shanghai's busiest urban centers, Yangpu District has unique geographical advantages and synergistic relationships with industry, academia and research establishments that make the District an ideal candidate for this initiative. Yangpu has already demonstrated that it is a catalyst for innovation and that it can play a leading role in nurturing cooperative and collaborative initiatives .

Yangpu implemented the strategy in the 11th Five-Year Plan to "Drive economic development through service and knowledge" and rapidly advanced its knowledge-based service (e.g. modern design, finance and education) and high-tech sectors. This strategy has provided Shanghai's growing economy with a wealth of skilled talent, and Yangpu's emphasis on innovation and the cultivation of high-tech startups has contributed greatly to Shanghai's scientific and technological competitive edge in the global arena .

With the 12th Five-Year Plan, China faces a historic shift from labor-intensive industries to knowledge-based capital-intensive industries. As part of this transformation, the services sector will replace the industrial sector as the pivotal driver of economic growth. According to research conducted by Deloitte's Industrial Planning Center, industrial upgrades and restructuring will generate a wealth of opportunities for Yangpu's high-tech and knowledge-based service sectors. In light of these opportunities, Deloitte Touche Tohmatsu CPA Ltd. ("Deloitte") was commissioned by the Yangpu Center for Business Promotion to prepare this research report on the investment environment of Yangpu District. The information and views expressed in the report have been independently and objectively derived through professional studies and research.

Deloitte's assessment of the Yangpu District investment environment included quantitative and qualitative analyses, broad field studies and workshops conducted with major enterprises. From an investor's perspective, Deloitte identified several variables to measure Yangpu's keys to success and cited indices from reports published by the Ministry of Commerce and the local government. The report analyzes the following aspects of the investment environment of Yangpu District:

- Government policy
- Business environment
- Human resources
- Infrastructure
- Living environment

Studies carried out over the past several years indicate that adoption of the "Knowledge Yangpu" strategy has been a catalyst for rapid development in the high-tech and knowledge-based services sectors. Growth in these sectors has nurtured the industrial base and stimulated activities throughout all industries in the region.

The investment environment of Yangpu is characterized by the following:

- Excellent government services
- Rich cultural foundation
- Innovative scientific and research environment
- Solid educational base
- Deep talent pool

As Shanghai's largest incubator of high-tech start-ups and home to many universities, research institutions and technology companies, Yangpu District has been proactive in carrying out the principles of the 12th Five-Year Plan. The District has gathered momentum in generating technological expertise, establishing a knowledge-based service sector and providing support to other key sectors, such as commerce, tourism, culture and sports. Yangpu also has committed itself to a number of initiatives designed to improve the business environment, government services and policies, and to attract and cultivate high-caliber personnel.

As it matures, Yangpu is emerging as a leading international eco-business center and host to many research institutions and international universities. The District is positioning itself as a popular destination for multinational companies, and high-tech and knowledge-based enterprises to establish their regional headquarters.

Based on the 12th Five-Year Plan, the services sector is expected to expand over the next 10 years. By taking advantage of opportunities arising from China's economic restructuring and capitalizing on national policies and global economic trends, Yangpu District is set to break through as a preferred investment destination for the high-tech and modern service industry, and become a key hub for innovation and development across the entire Yangtze River Delta.

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1. Yangpu at a Glance

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1. Introduction

Located in northeastern Shanghai, Yangpu District is one of the city's largest urban centers in terms of both area and population.

Yangpu's development is closely tied to China's modern history, and features a rich cultural foundation reflected in the district's academia, industry and urban planning.

Today's Yangpu or "Knowledge Yangpu" is a district endowed with unique qualities. Its geographical advantages complement its reputation for innovation and scientific research, and its ability to attract high-caliber talent. Yangpu was selected as a pilot district in a national program to develop innovation centers in urban areas and is gearing up to further transform itself into a major hub for modernization, technological advancement and more.

Old Yangpu District was home to China's first waterworks, power plant, gasworks and textile mill, and helped Shanghai's economy rise to new heights.

Yangpu is now experiencing a proliferation of science parks and emerging industries, and it has incorporated innovation and "green" concepts into the life of every Yangpu resident.



1.1 Geographical Advantages

One of Shanghai's largest urban centers

Yangpu is situated in northeastern Shanghai. With an area totaling 60.61 square kilometers, Yangpu is the largest urban center in the metropolitan region in terms of size and population.

Prime location

- Faces the Huangpu River on three sides and features a riverfront that stretches for 15.5 kilometers
- Is close to the Bund, a Shanghai landmark
- Overlooks Lujiazui, the city's center for international finance and trade
- Connects to Pudong through the Yangpu Bridge and to the rest of the city via a number of tunnels

Distance to Shanghai's major transportation hubs from Yangpu District

Transportation hub	Distance	Time
Pudong International Airport	40 km	45 min
Hongqiao International Airport	25 km	30 min
Hongqiao Railway Station	25 km	30 min
Shanghai South Railway Station	20 km	25 min
Shanghai Railway Station	10 km	15 min

Source: Map of People's Republic of China



Source:
Shanghai Yangpu District Research Section

1.2 History

Yangpu is a birthplace of industry, higher learning and urban planning with a history that spans more than a century each. Yangpu is a looking glass into Shanghai's roaring past, as well as its brilliant future, where current trends intermingle with the past to inspire new concepts and ideas.

100 years of industry

Yangpu District is the birthplace of modern industry in both Shanghai and China itself. Many national brands were first established in the District, which accounted for 25% of Shanghai's total industrial output during the 1970s and 1980s.

100 years of higher learning

Yangpu District embraced science and education with the foundation of the first local college in the early 20th century.

The District is currently home to 14 institutions of higher learning which complete one-third of all academies in Shanghai, distinguishing Yangpu as Shanghai's central university district.

- 2005—Fudan University's Centennial anniversary
- 2006—University of Shanghai for Science & Technology's Centennial anniversary
- 2007—Tongji University's Centennial anniversary

100 years of urban planning

In "the International Development of China", which was written in the 1920s, Dr. Sun Yat-Sen proposed to locate the Shanghai municipal government within Yangpu District. Based on the first comprehensive urban plan for contemporary Shanghai, the Great Shanghai Plan was drafted in 1927.

- Shanghai Municipal Government Mansion (Currently the Shanghai University of Sports)
- The City Museum (Currently part of Chang Hai Hospital)
- The City Library (Currently Tongji Middle School)

Year established	Business
1882	Shanghai's first power plant: Yang Shu Pu Power Plant
1882	China's first Chinese-run paper mill: Shanghai Mechanical Paper Bureau
1883	China's first modern waterworks: Yang Shu Pu Waterworks
1890	China's first mechanical textile mill: Shanghai Mechanical Textile Bureau



- The former site of the China Airlines Association (Currently part of Chang Hai Hospital)
- The largest stadium in the Far-East during the 1930s—Jiangwan Stadium

1.3 Economic Development

Stable economic growth

In 2010, Yangpu District registered a regional GDP of CNY 89.5 billion, up 15.6% from 2009 and higher than the national average of 10.3% for the same period.

Continuous industrial restructuring

For the 12th Five-Year Plan, Yangpu has aligned itself with the Knowledge Yangpu strategy and will continue to enhance its market and industry structure.

Yangpu's industry figures for 2010 show tertiary industry totaling CNY 36.9 billion, up 9.1% from 2009, and secondary industry totaling CNY 52.2 billion, up 21.1%.

The ratio between the secondary and tertiary sectors (tobacco industry not included) moved to 22.7:76.5 in 2010 from 29.6:69.2 in 2005, with the tertiary sector gaining 7.3%.

Rapid growth of knowledge-based service and high-tech industries

Yangpu's knowledge-based service and high-tech industries have grown rapidly in recent years.

- In 2010, the knowledge-based service industry sector produced an added value of CNY 13.2 billion, up 19.7% from the previous year
- In 2010, the high-tech industry sector produced an annual added value of CNY 1.2 billion, up 13.5% from the previous year
- In the tertiary sector, knowledge-based services accounted for 34% in 2010, up from 27.7% in 2005

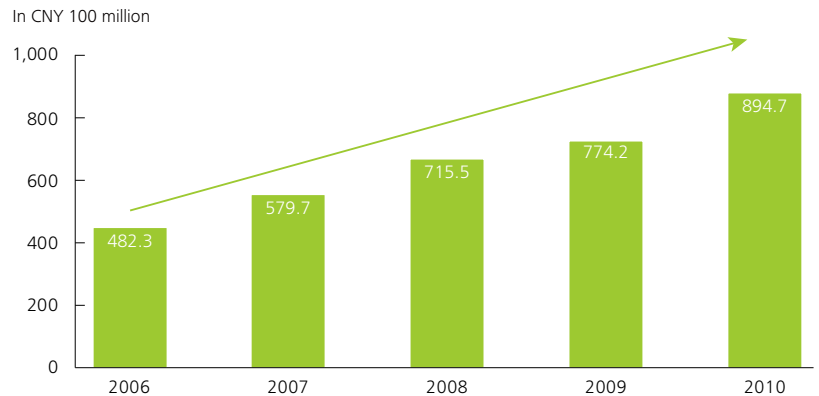
Source:
The 12th Five-Year Plan for the National Economy and the Social Development of Yangpu District, Shanghai; Industrial Development Planning of Shanghai Yangpu District during the 12th Five-Year Plan period

A green, low-carbon, eco-friendly city

During the 11th Five-Year Plan, Yangpu District pledged to attract and develop industries with low energy consumption levels, low pollution levels and high-added value.

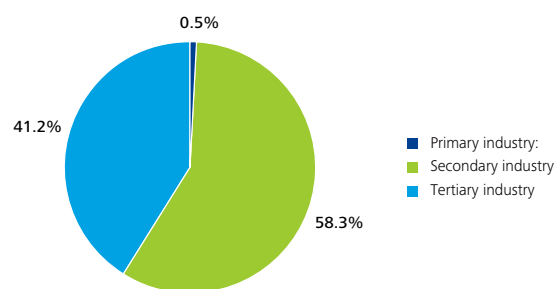
- Completed 60 industrial restructuring programs
- Achieved a saving of 21 metric tons of standard coal
- Cut overall energy consumption by 25.7% per CNY 10,000 of GDP

2006–2010 Shanghai Yangpu District GDP



Source: 2010 Statistics Bulletin of Yangpu GDP and Social Development

2010 Shanghai Yangpu District industrial structure



Source: 2011 Yangpu District Statistical Yearbook

"Clarification of the Three Industries," announced by the Statistics Bureau of China in 2003 defines the industries as follows:

- Primary industry: agriculture, forestry, animal husbandry, fisheries
- Secondary industry: mining, manufacturing, electricity, gas and water production and supply, construction
- Tertiary industry: all other industries, and principally the service industry

1.4 Consumer Market

Broad market potential

In 2010, Yangpu District registered retail sales of CNY 24 billion, up 16.5% from 2009. The annual total retail sales of consumer goods of Yangpu District in 2010 increased by 79.3% over those of 2005, resulting in an annual average growth rate during the 11th Five-Year Plan period ranked second among the downtown districts (excluding the Pudong New Area) in Shanghai.

Wujiaochang city-level commercial center

In 2010, the Wujiaochang commercial center contributed CNY 3.7 billion to total retail sales, five times the figure in 2005, and had an average growth of 46.1% during the 11th Five-Year Plan period.

Wujiaochang, the heart of Yangpu District, is a major commercial center offering an array of services, such as shopping, catering, recreation, entertainment and fitness. These amenities, combined with its convenient location, make Wujiaochang a Shanghai landmark, and one of China's top-tier urban shopping centers.

During the 12th Five-Year Plan period, the municipal-level commercial center in Wujiaochang will be developed into the largest business and trade center in northeastern Shanghai.

2010 Yangpu District's retail sales by industry

Industry	Retail sales (CNY billion)
Retail	214.50
Food & Beverage	1.854
Wholesale	0.457
Lodging	0.192

Source: 2011 Yangpu District Statistical Yearbook



Deloitte observation

Despite the uncertainty of the global economic recovery and inflationary pressures on China's economy, the factors driving the development of China's retail industry remain in place and its rapid growth seems to be irreversible.

—extract from Deloitte Retail Research Report, "Focusing on the Retail Chain Industry in China"

Development trends in China's retail industry



Source:
2010 Statistics Bulletin of GDP and Social Development of Yangpu District, Shanghai
The 12th Five-Year Plan for the Development of Commercial Service and Basic Service Industry of Yangpu District, Shanghai

1.5 Industry Hub — Knowledge-Based Services

The modern design services industry— building Shanghai "by design"^①

A modern design services industry hub, centered around Fudan University, Tongji University and Shanghai University of Finance and Economics, has been officially recognized by the Ministry of Science and Technology as the first industrial base of its kind for R&D and design services.

At the end of 2010, the output of the modern design industry in Yangpu District was valued at CNY 10.2 billion, and it is expected to reach CNY 18 billion by 2015.

Center construction during the 12th Five-Year Plan period^②

Modern Design

- No. 1 International Design Plaza
- Global Creative Economy Town
- Italy Creative Design Town
- Tongji Yixian Tower
- Nailaisi International Business Office Building

Fashion Design

- Shanghai International Design & Trade Promotion Center
- Dongfanggu
- Shanghai International Fashion Center

Industrial Design

- Mingda Creativity Plaza
- Huixing Plaza

In 2010, Shanghai was nominated by UNESCO as the second Chinese city, following Shenzhen, to join the "Creative Cities Network," and was awarded the title "Capital of Design."^③

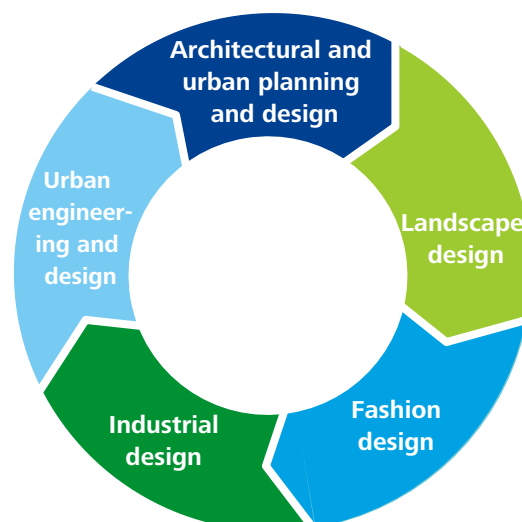
Overview of modern design industry in Yangpu District during the 11th Five-Year Plan period^①

Item	2010	Growth over 2006 (%)
Total Output	CNY 10.2 billion	108.1%
Area Occupied by Design Industry Enterprises	380,000 square meters	72.7%
Number of Employees	31,700	37.9%
Number of Enterprises	1,670	12%

Representative enterprises during the 11th Five-Year Plan period^②

Shanghai Municipal Engineering Design Institute	Shanghai International Design Center
Tongji Architectural Design Institute	International Design & Trade Promotion Center
Tongji Urban Planning & Design Institute	The Promotion Work Office of the UN "Creative City" (Shanghai)
Shanghai Posts & Telecommunications Design Institute	International Home Textile Industrial Park

Key areas of design



Source:

①The 12th Five-Year Plan for Modern Design Industry of Yangpu District, Shanghai ; Official website of Shanghai Yangpu District

②Shanghai Yangpu District Research Section

③Industrial Development Planning of Shanghai Yangpu District during the 12th Five-Year Plan Period

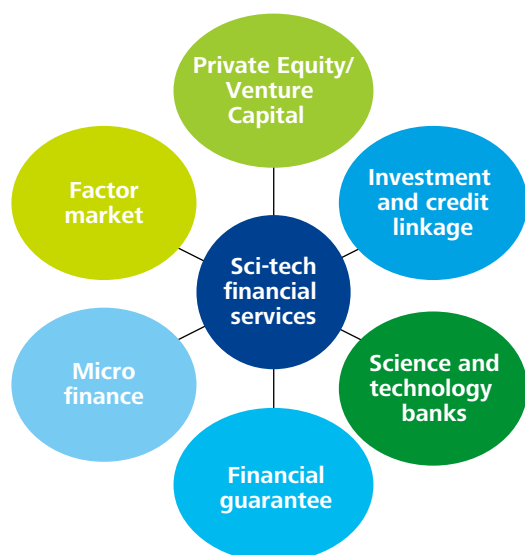
1.5 Industry Hub

— Knowledge-Based Services

Sci-tech financial services – Shanghai’s Science and Financial Services Hub

Yangpu District brings science, financial services and business incubation services closer together, leveraging numerous platforms to maintain a continuous inflow of premium financial elements from home and abroad.

By 2015, Yangpu District is projected to raise CNY 10 billion through public listings, CNY 10 billion through government-backed financing and another CNY 10 billion through a collective industrial fund.



Selected companies and key centers during the 11 th Five-Year Plan period	
Shanghai United Steel Exchange	Shanghai United Mining Exchange
National University Science and Technology Park of Shanghai University of Finance and Economics	Knowledge and Innovation Community
U.S. Silicon Valley Bank Shanghai Office	TCL Fund
Shanghai Technology Entrepreneurship Foundation For Graduates	Walden Venture Fund
Broadband Capital	Qing Hui Fund

Source: Shanghai Yangpu District Research Section; Industrial Development Planning of Shanghai Yangpu District during the 12th Five-Year Plan period

Center construction during the 12th Five-Year Plan period

- Bay Area Science and Technology Park
- KIC UN Project Headquarters Building
- Riverside Global Creative Economic Town
- Venture Capital Park and SUFE Science and Technology Park

Education services

Capitalizing on its prestigious academic brand, Yangpu District has created a hub for educational services and organizations in the areas of training, publishing, consulting, finance, intermediary services, exhibitions, overseas student education, and Sino-foreign cooperative education.

- Shanghai Educational Service Park: an exclusive industrial park dedicated to professional education services in Shanghai
- China (Shanghai) Start-ups Public Training Base: start-up training for university graduates and a public platform for start-up services
- Digital publishing: alignment of digital publishing, the internet, and 3G to create a comprehensive digital publishing industry chain

Selected companies during the 11 th Five-Year Plan period	
New Orient	Distance Education Group
Global Education and Technology	Only Training Organization

Center construction during the 12th Five-Year Plan period

- Professional Educational Service Park and Wujiaochang Educational Service Industry Cluster
- Tongji University No. 1 Bus Company Tongji Creative Design College and Phase II of KIC Village (a project in Management School of Fudan University)
- China (Shanghai) Start-ups Public Training Base

Professional services industry

In the 12th Five-Year Plan period, Yangpu District’s major focus will be on developing professional service industries such as legal services, financial services, consulting services, intellectual property, and the commercial application of scientific and technological achievements.

Center construction during the 12th Five-Year Plan period

- National Base for High-tech Services; Pilot Area for the Comprehensive Reform of Shanghai’s Service Industries
- Intellectual Property Park of Shanghai; Service Center for Intellectual Property

1.5 Industry Hub — High-Tech and Strategic Emerging Industries

Industry hub beginning to take shape

119

At the end of 2010, Yangpu District was home to 119 high-tech companies, up 26.6% from 2009. The contractual amount for technology-related transactions totaled CNY 1.7 billion, up 35.3% from 2009. ①

Major high-tech companies in Yangpu District include:

- Shanghai Fudan Microelectronics Group Co., Ltd
- Tongji Science and Technology Development Company
- Shanghai Post & Telecommunications Design Consulting Institute Co. Ltd
- Shanghai Instrument Research Institute
- Shanghai Municipal Engineering Design Institute

14

There are 14 science parks in Yangpu District, occupying a gross area of 150 hectares (371 acres). The industry hub comprises 4,390 science and technology companies that are concentrated in the District. ②

Science parks	Area of focus
Fudan University Science and Technology Park	Electronic information and new materials
Tongji University Science and Technology Park	Modern design
Science and Technology Park of Shanghai University of Finance and Economics	Financial innovation and development
Science and Technology Park of University of Shanghai for Science and Technology	Mechanical electronics
Science and Technology Park of Shanghai University of Electric Power	Alternative energy and smart grid

Source:
①2011 Yangpu District Statistical Yearbook
②Shanghai Yangpu District Research Section

Scientific and technological strength of Yangpu District

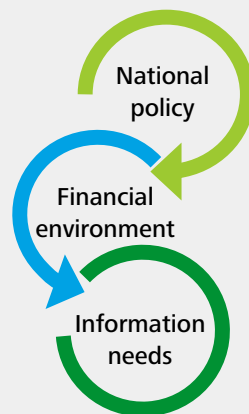
- National pilot district for innovation in urban areas
- High concentration of educational and research institutions
- Shanghai's largest science and technology incubator
- Home to the most technology companies in Shanghai

High-tech

- Software and information services
- Electronic information

Strategic emerging industries

- Cloud computing
- Internet of things
- Smart grid
- Energy conservation



Deloitte viewpoint Drivers of the science and technology sector

- New plans to adjust and revitalize the electronic information industry will serve as the strongest driver of China's science and technology sector
- Venture capital/private equity firms will continue to invest in China's technology market
- The Information Technology industry represents only about 8% of China's GDP, and is far from being saturated

—excerpt from Deloitte Industry Research, "An Overview of China's Science and Technology Sector, 2009"

4 Yangpu District's four emerging strategic industrial bases

- Shanghai Cloud Computing Innovation Base
- Shanghai Demo Base for the "Internet of Things"
- Shanghai Smart Grid Demo Base
- Shanghai Environmental Park

1.5 Industry Hub — Urban Industry

Economies of scale

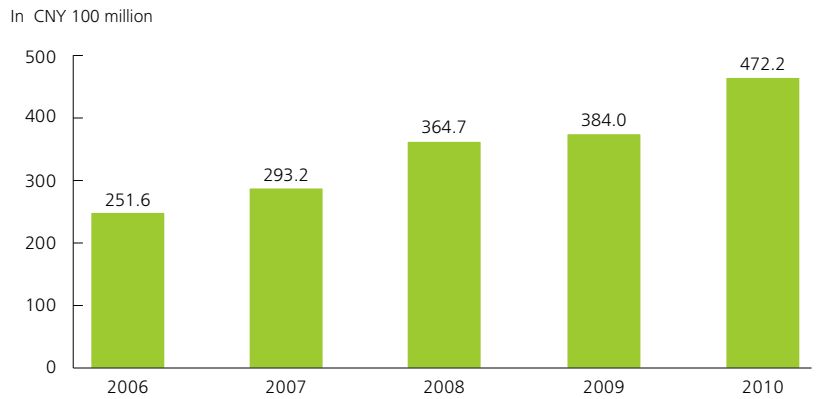
In 2010, the added value of Yangpu District's urban industry totaled CNY 47.2 billion, up 23% from 2009, accounting for an average of 51.2% of the District's GDP and contributing 73.2% to overall economic growth.

Transition to advanced manufacturing and services

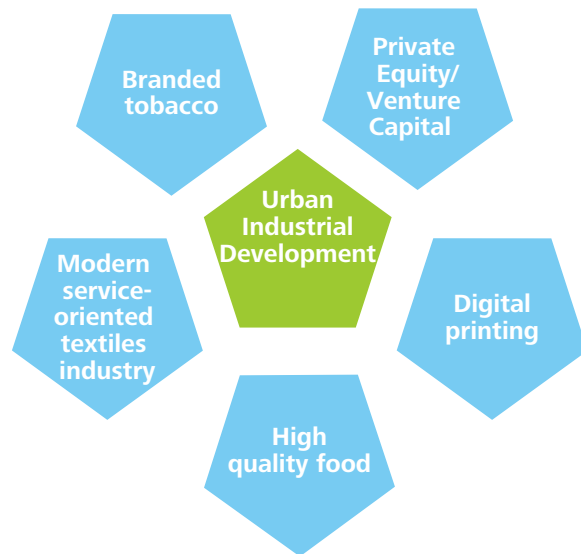
With its industrial, educational and municipal resources, Yangpu District is on track to transition from traditional processing and manufacturing to advanced manufacturing and services, while extending further into areas such as creativity, design, R&D, fashion, marketing and information consulting.

The opening of the Shanghai International Design and Trade Promotion Center (national public service platform) in Yangpu District has helped to revitalize the District's urban industry.

2006–2010 added value of urban industry in Shanghai Yangpu District



Source: Shanghai Yangpu District the 12th Five-Year Plan for the Development of the Urban Industry



A critical mass and its ripple effect

- **21 urban industry parks**, occupying 134 hectares (331 acres), and 793,000 square meters collectively form an major industrial hub within Yangpu District.
- **Advanced equipment manufacturing development belt**, leveraging Yangpu's geographical advantages and its strong industrial foundation to attract and develop a robust services industry focusing on R&D, industrial design and product testing.

Reciprocal complement

Links with industrial parks in the Yangtze River Delta to achieve optimal deployment

- With business costs rising in central urban areas, enterprises have had to allocate production facilities more efficiently. Separating headquarters and manufacturing bases allows enterprises to make product innovations and upgrades to their technology, while keeping costs down.
- **Shanghai Yangpu Dafeng Industrial Park** two-hour drive from Shanghai
- **Shanghai Yangpu Hai'an Industrial Park** 1.5-hour drive from Shanghai

Source: Shanghai Yangpu District the 12th Five-year Plan for the Development of Urban Industry

1.5 Industry Hub — Business, Tourism, Culture and Sports

Commercial services

In 2010, Yangpu District's retail sales of consumer goods totaled CNY 24 billion, up 79.3% from 2005, with an average increase ranked second among Shanghai's central districts (excluding the Pudong New Area) during the 11th Five-Year Plan period.

A host of international and domestic business giants, including Walmart (U.S.), B&Q (U.K.), Auchan (France), RT-Mart (Taiwan), Shanghai No. 1 Department Store, Hualian and the Friendship Group have opened supermarkets and shopping malls in Yangpu District.

Wujiaochang central business center:

the largest commercial and trade center in northeastern Shanghai, with excellent public transport facilities and convenient access. In 2010, retail sales of consumer goods in the business center amounted to CNY 3.7 billion.

Kongjiang Road District commercial center:

a premier commercial center that integrates business, retail, and food and beverage facilities in one conveniently located complex.

Tourism

Using its extensive historic, cultural and eco-tourism resources, Yangpu District continues to improve its tourism infrastructure and services and to expand its tourism-related e-commerce, finance and insurance businesses.

Sports

Major sporting events

- X Games
- China Squash Open
- Kaspersky AFL program

Encouraging participation

- Fitness and relaxation
- Sporting goods
- Playing sports



Source:
Shanghai Yangpu District 12th Five-Year Plan for the Development of Commercial and Basic Services



2. Government Policy

-
- 2. Overview
 - 2.1 Supportive Policies
 - 2.2 Incentive Policies
 - 2.3 Policies to Attract Talent
 - 2.4 Government Services

2. Overview

In its efforts to increase the inflow of capital, projects, talent and technologies and to bring together the key elements required for innovation, the Yangpu District government has taken a number of steps to achieve long-term results. Recent policy changes have increased support for strategic industries, providing an efficient and transparent administrative environment for enterprises and individuals; attracting international high-tech companies; improving services; and creating a smart eco-friendly district.

- One of China's pilot districts for the national innovation initiative for urban areas
- The first area-level national "Innovation and Entrepreneurship Base for Overseas Chinese Talent"
- Nominated "National Model for Scientific and Technological Progress" for three consecutive years
- One of Shanghai's "Knowledge Innovation Districts"

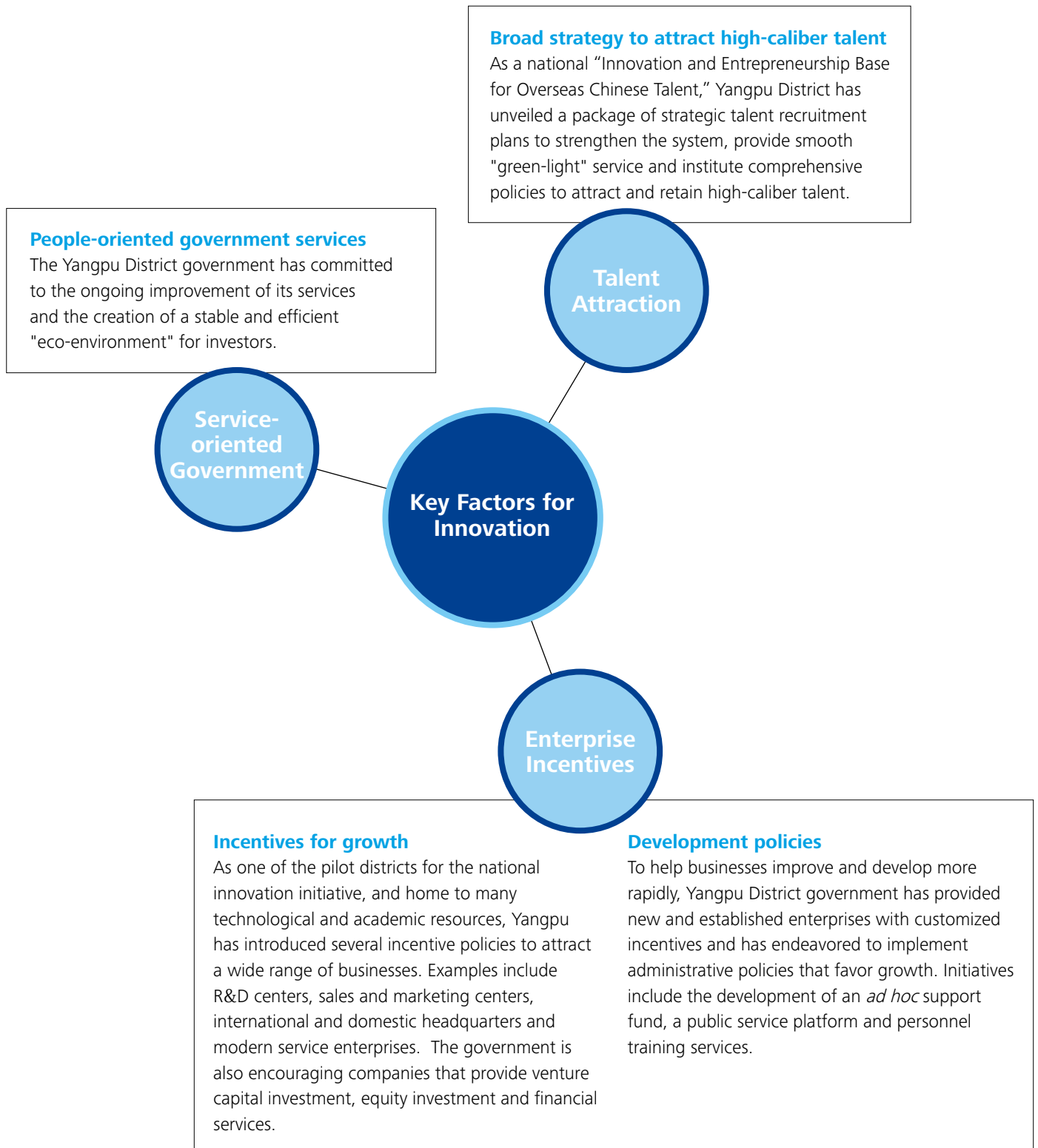


The government of Yangpu District is efficient and responsive to inquiries from businesses. The government also offers strong support of our recruitment efforts through financial incentives and assistance.

—Shanghai KFC

Headquartered in Louisville, Kentucky in the U.S., KFC is among the world's largest restaurant chains. First KFC restaurant in China was opened in Beijing in 1987. With a 24-year presence in China, KFC has adhered to its mission of "KFC for better life in China," "Change for China, New Fast Food." KFC China currently operates a chain of more than 3,200 restaurants in 650 Chinese towns and cities.

2.1 Supportive Policies



2.2 Incentive Policies

Financial support for national program

In the city's 12th Five-Year Plan and overall urban plan, the Shanghai municipal government is providing substantial financial support to develop Yangpu District as part of a national initiative to create urban innovation zones.

For instance, the government has set up a special fund dedicated to the development of Yangpu District and which will be utilized to help finance production, research systems, public service platforms, key innovation projects, and the practical application of critical scientific and technological breakthroughs. ①

Attracting MNC headquarters and R&D centers

To better utilize academic resources and accelerate the concentration of "factors for innovation," policies have been geared to attract businesses in emerging industries such as modern design, software and information services, and to encourage local and overseas companies to relocate their headquarters, R&D centers, and marketing centers to Yangpu.

Incentives for equity investment②

Eligible equity investment companies (funds) will be awarded a premium of up to CNY 8 million, and a workplace subsidy of up to CNY 2 million.

Financing policy②

- Key enterprises will be granted a prorated interest subsidy of up to 50% on loans applied for through the small-to-medium enterprise credit center (or China National Investment and Guarantee Company)
- Eligible small-to-medium enterprises, high-tech enterprises, and companies that support hiring/employment will be granted a subsidy for an annual credit rate guarantee.

The Yangpu District government has excellent level of communication and administrative efficiency, and often creates new policies in response to business needs. The government also provides substantial financial support and high-quality services.

—Shanghai Municipal Engineering Design Institute (Group) Co. Ltd.

Shanghai Municipal Engineering Design Institute (Group) Co., Ltd. is among China's first municipal engineering and design institutes and has completed more than 7,000 survey designs and consulting cases for various projects including the Nanpu Bridge, Hongqiao Transportation Hub and the pipeline network for the Expo park.

Encouraging the development of the cloud computing industry

With Yangpu District's knowledge and innovation community as its platform, Yun Hai Venture Capital has contributed to the development of a cloud computing innovation base in Shanghai, and has created cloud computing incubators, an enterprise accelerator, a headquarters, and a practical training base for cloud computing talent.

- Government-backed cloud computing development aid
- Collection of investment funds which focus on cloud computing as the main area of industry development



Source:

①Notice of the General Office, Shanghai Municipal People's Government on Guidance of Promoting Yangpu District as a National Pilot Urban Zone for Innovation (Shanghai House Office [2010] Issue No. 44)

②Yangpu District Financial Bureau: Shanghai Yangpu Business Promotion and Service Center

2.3 Policies to Attract Talent

National "Thousand Talents Program"

The Recruitment Program for Overseas Talent is part of a national development strategy. Within five to 10 years from 2008, the program aims at enrolling a number of key scientists and skilled personnel with the ability to master key technologies, develop high-tech industries and lead the development of emerging industries. These key personnel will be encouraged to return from overseas and start their own businesses in China.

The Yangpu District government has opened a dedicated service window to assist individuals with settlement, obtaining entry and exit permits, insurance matters and education for their children.

As of August 2010, Yangpu District selected 29 Ph.D. level returnees as part of the national Recruitment Program for Overseas Talent. ^①

Incentive policies under the 3310 talent program ^②	
Financial aid	<ul style="list-style-type: none"> • Reduce business start-up costs • Provide financial guarantees and interest subsidies • Grant financial aid
Financial services	<ul style="list-style-type: none"> • Establish project for venture capital funds • Establish a risk compensation mechanism
Talent services	<ul style="list-style-type: none"> • Expedite implementation of housing projects for recruited talent • Prioritize healthcare and education
Government platform	<ul style="list-style-type: none"> • Foster a superior academic environment • Utilize government procurement • Establish an efficient and convenient service platform

Yangpu District strategic talent program

To further attract high-level international talent, Yangpu District has unveiled the strategic "3310" talent program, which provides funding of CNY 300 million over a five-year period.

Projects and Targets of the 3310 Program^②

"Hundred, Thousand and Ten-thousand" Project	Talent Attraction Milestones	<ul style="list-style-type: none"> • By 2020, recruit 100 domestic or overseas senior-level individuals owning patents in specialized fields of research • Recruit 1,000 domestic or overseas senior-level individuals specializing in electronic data, environmental protection and energy conservation, modern design, new materials, alternative energy, bio-medicine and financial services • Recruit 10,000 international personnel of various levels and specialties
Environmental Engineering Professionals	Realizing key Milestones	<ul style="list-style-type: none"> • Focus on infrastructure and personnel and promote an integrated system among research institutions and academia to foster independent innovation and research • Foster the development of a range of national and international research and innovation results to be ready for industrial and commercial exploitation
Leading Industry Hub Development Project	Encouraging key Industries	<ul style="list-style-type: none"> • Provide specialized assistance, on an annual basis, to cultivate and incubate 20 high-tech and knowledge-based service companies established by overseas personnel who hold independent and internationally competitive intellectual property rights • Cultivate five large scientific and technological companies within five years • Attract 100 influential innovative enterprises within 10 years

Source:

①www.1000plan.org; Shanghai Yangpu Business Promotion and Service Center

②Opinion on Expediting Recruitment of Overseas High-level Innovation Talent of Yangpu District (Yangpu House Office [2009] issue No. 43)

2.4 Government Services

Increasing administrative efficiency and transitioning to a service-oriented government

- **Streamlined administrative approval process:** A "one-stop" collection point has been introduced for document submissions, reducing processing times for business licenses, tax registration and organization certificates from 14 working days to five working days.
- **Easy registration and settlement:** For greater convenience, the number of regulatory offices at the "one-stop" service hall has been increased from 12 to 23.
- **Special services for key enterprises:** To reduce administrative approval times and to increase productivity, a "green light" service is offered to key enterprises.

Innovative enterprise services system

- **Optimized information platform:** The recently launched Yangpu Corporate Services Website features a platform for communication and information sharing, which includes policy information, regulations and commercial resources.
- **Key project support:** Offers key projects efficient services across multiple departments. Services include assistance with startups, expansion of office space and the construction of corporate headquarters.
- **Government purchase of "three agency services":** The government's purchase of three main agency services (business registration, tax and accounting) is designed to increase efficiency and reduce start-up costs.

The Yangpu District government is very efficient, the regulatory authorities are transparent and they address issues according to policy. They have effectively incentivised talent, particularly by providing subsidies to high-level employees and offering training sessions.

—Shanghai AVCON

Founded in 2003, Shanghai AVCON is China's leading provider of multi-media communication systems. AVCON is committed to providing modern and advanced video communications products and professional solutions. AVCON was listed on the Shenzhen stock exchange in 2010.

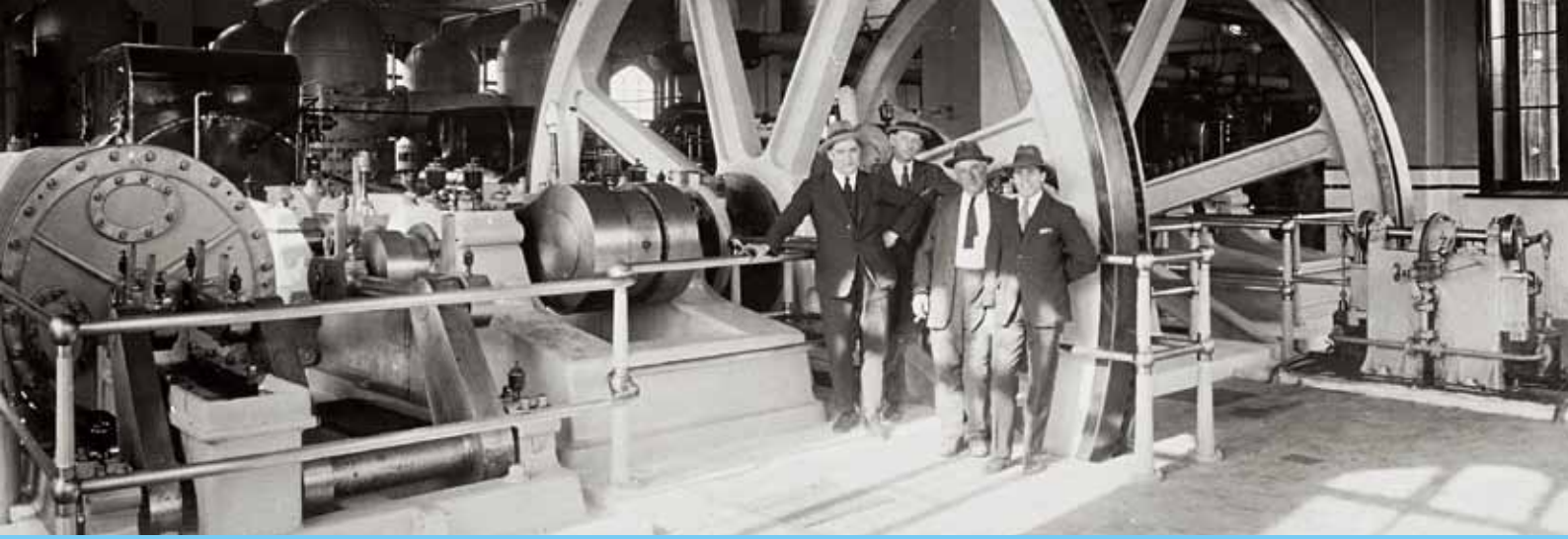
A sound public service platform

Examples of public service platforms in Yangpu District	
Innovation services system	<ul style="list-style-type: none"> • China (Shanghai) Start-ups Public Training Base • Yangpu Knowledge Innovation Zone VC Service Center • Shanghai Education Service Park • Shanghai SME R&D Outsourcing Service Center • Shanghai Technological Exchange Yangpu Innovation Station • Shanghai R&D Public Service Platform Yangpu Service Center • Innovation workshop of Shanghai • Science and Technology Venture Fund for University Students in Shanghai
Intellectual property protection platform	<ul style="list-style-type: none"> • Shanghai Intellectual Property Park • Shanghai Intellectual Property Information Engineering Yangpu Work Station



Comprehensive and Strategic Cooperation Conference between Shanghai Yangpu District and San Francisco's Bay Area Council in September 2010

Source: Shanghai Yangpu District Business Promotion and Service Center



3. Business Environment

-
- 3. Overview
 - 3.1 Financial Environment
 - 3.2 Integration with International Markets
 - 3.3 Business Cooperation
 - 3.4 Hotel/Convention Facilities

3. Overview

According to the IFCD Index released by Xinhua-Dow Jones in 2011, Shanghai is currently ranked sixth in the world as an international financial center and number one on the "growth and development" index.

The growing influence of Shanghai's financial institutions, combined with Yangpu District's growing concentration of high-tech companies, puts the Yangpu government in a good position to develop the District as a technological and financial hub.

Yangpu District's exceptional combination of well-appointed office towers, outstanding facilities and wide range of financial services has attracted a large number of world-class companies.

— Continental Automotive Asia Pacific

Continental AG is a leading supplier of braking systems, chassis components, automotive electronics, tires, rubber and plastic products. The European-based automotive components supplier is a Fortune 500 company.



3.1 Financial Environment

Financial institutions in Shanghai^①

With the growing influence of its banks, and greater recognition as a financial center, Shanghai is becoming home to an increasing number of highly regarded international financial institutions.

At the end of 2010, 1,049 financial institutions were registered in Shanghai. Eighty-three were newly established in 2009, and another 63 were opened in 2010.

Financial institutions in Yangpu^②

At the end 2010, the number of financial institutions in Yangpu was 179, 17.1% of the total number in Shanghai. The figure was comprised of 131 banks, 30 securities branches, 16 insurance branches and two trust companies.

Building a sci-tech financial hub

Yangpu District has prioritized the development of an economic model that combines finance and technology to promote financial services. A diversified scientific financing service system is evolving through various investment mechanisms such as government funds, angel funds, risk investment, venture capital, innovative financial products and the public listing of companies.

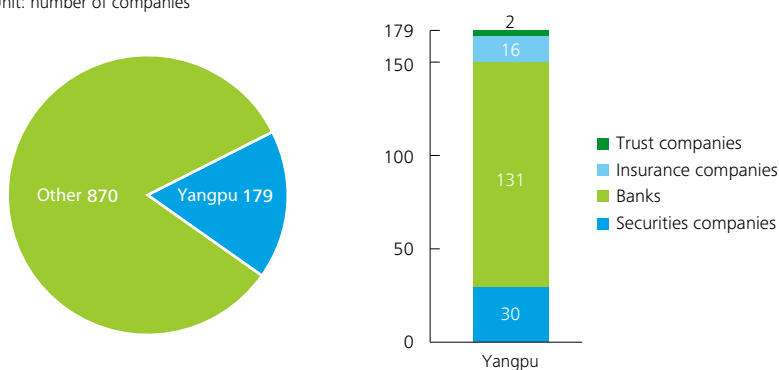
U.S. Silicon Valley Bank Shanghai Representative Office

In September 2009, the Silicon Valley Bank formally opened its representative office in Yangpu District, Shanghai. The bank introduced advanced concepts, best-practices and professional knowledge to help promote project matchmaking between financial capital and industry, as well as inject energy into the development of science and technology.

Overview of Yangpu District's Sci-tech Financial System ^③	
International support and cooperation	Established Representative Office of U.S. Silicon Valley Bank Shanghai
Concentration of PE, VC and industrial funds	As of September 2011, CNY 6.1 billion of capital has been brought in. Broadband Capital and Haichuang No.1 are considered top tier of guidance funds in Shanghai
Promotion of direct financing	Three listed companies; CNY 1.5 billion worth of debt issued Three more companies expected to list in 2011
Innovative means of indirect financing	Intellectual property rights, accounts receivables, financial instrument financing seven financing guarantees established
Development of market fundamentals	Shanghai United Steel Exchange; Shanghai United Mines Exchange Focus on professional services institutions; Shanghai High-Tech Market
Development of small loans companies	Six micro-loan companies launched Three new companies to be unveiled in 2011

2010 quantity and types of financial institutions in Yangpu District

Unit: number of companies



Source: Shanghai Municipal Commission of Commerce

Shanghai United Steel Exchange^④

Launched in Yangpu District on 20 June 2011, the Shanghai United Steel Exchange is the first marketplace for trading steel in China.

Shanghai is home to China's largest steel production base and trade center. More than 30 steelworks across the country have opened rep offices in Da Bai Shu of Yangpu District, which houses the country's largest marketplace for spot transactions of steel.

Shanghai United Mining Exchange^④

The Shanghai United Mining Exchange (SUME) was unveiled in Yangpu District on 20 June 2011.

Targeting the global mining market, SUME offers a comprehensive trade platform facilitating the search for overseas mining rights and international mining resources. By further consolidating the resources in the Shanghai region, SUME will play a key role in the effort to transform Shanghai into a world-class center for mining exchanges and services.

Source:

- ① Official website of Shanghai Municipal People's Government
- ② 2011 Yangpu District Statistical Yearbook
- ③ Provided by Shanghai Yangpu Business Promotion Service Center
- ④ www.people.com.cn

3.2 Integration with International Markets

Shanghai's foreign investment rising steadily

The contractual amount of foreign investment in Shanghai totaled USD 15.3 billion in 2010. The total amount realized was USD 11.1 billion, up 5.5% from 2009.

In 2010, Shanghai has confirmed a total of 3,906 foreign direct investment projects, of which 203 were valued at over USD 10 million.

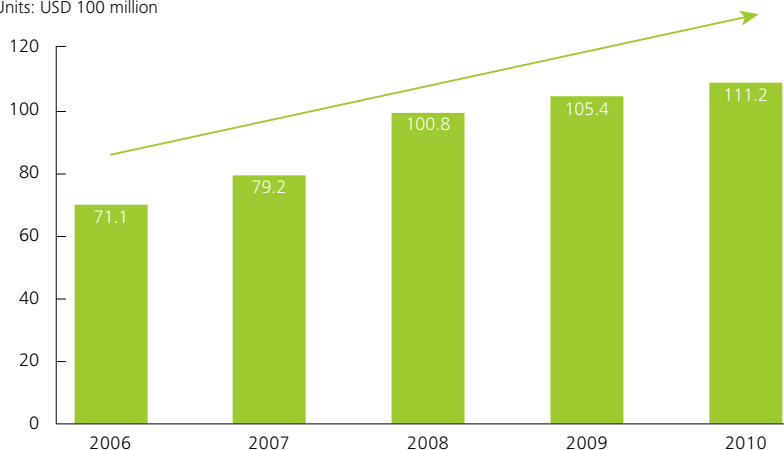
Rapid growth of Shanghai foreign trade

The gross total of Shanghai's foreign trade in 2010 was USD 368.8 billion, up 32.8% from 2009.

The gross value of Shanghai's exports in 2010 was USD 180.8 billion, in which high-tech exports totaled USD 84.1 billion, accounting for 46.5% of the 2010 total.

Realized figures of foreign investment in Shanghai from 2006–2010

Units: USD 100 million

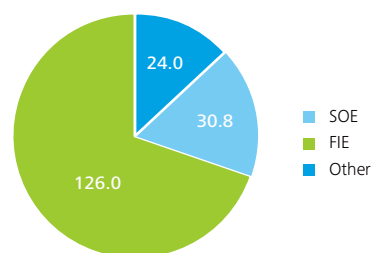


Source: 2011 Shanghai Statistical Yearbook

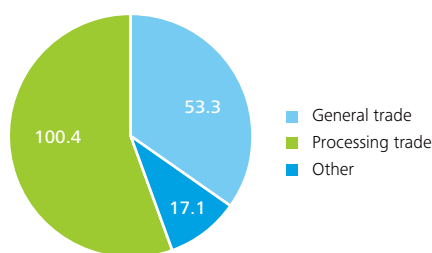
2010 statistics of the total value of Shanghai's exports

Units: USD 1 billion

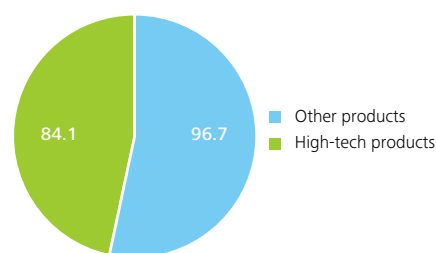
Type of company



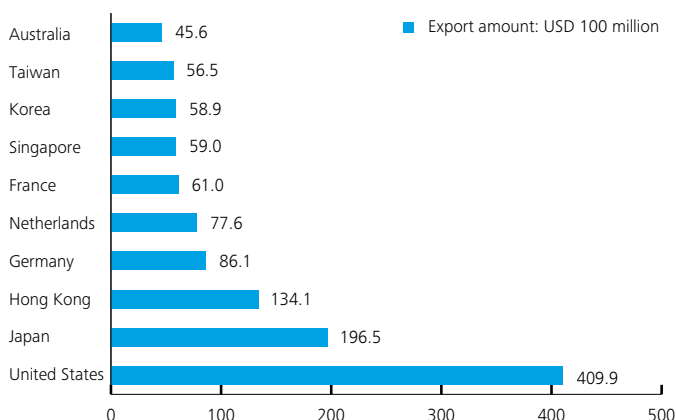
Type of trade



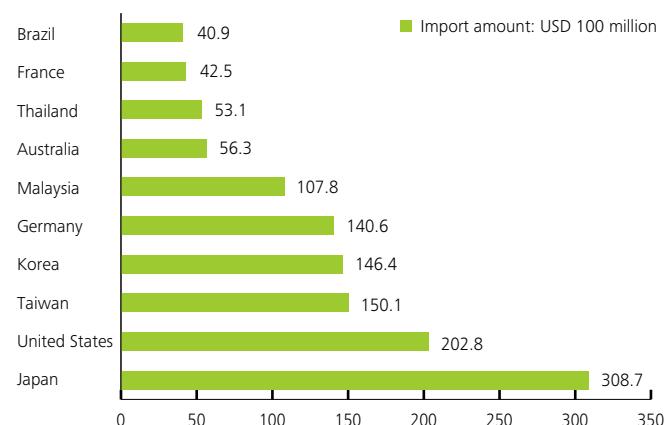
Type of product



Shanghai's major export partners in 2010



Shanghai's major import partners in 2010



Source: 2011 Shanghai Statistical Yearbook

Rapid growth in Yangpu District foreign investment^①

The value of contractual foreign investment in Yangpu District in 2010 was USD 1.1 billion, up 76.4% from 2009. The rate of growth was 61% higher than Shanghai's average increase in the same period.

Targeting high-tech and service enterprises^①

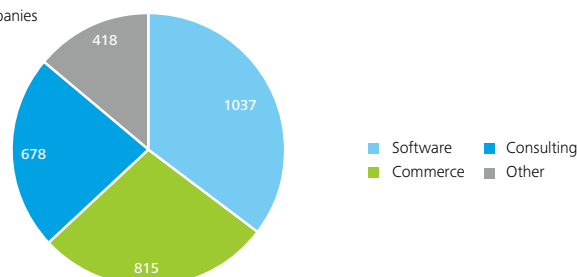
During the 11th Five-Year Plan, approximately 2,000 new companies were established in Yangpu District annually, with most of these new enterprises engaged in knowledge-intensive areas such as software, consulting and commerce.

High-tech and services projects represented 92.8% of all foreign-invested projects^①

The number of foreign-invested projects within Yangpu District in 2010 rose to 102, up from 47 in 2006. Of the 337 foreign-invested projects initiated, high-tech and service projects accounted for 350, or 92.8% of the total.

2010 companies established in Yangpu District by Industry

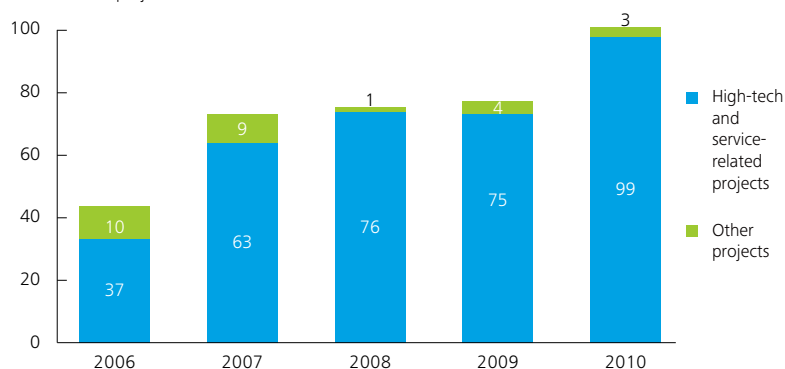
Unit: number of companies



Source: 2011 Shanghai Statistical Yearbook

2006–2010 projects established in Yangpu District by industry

Unit: number of projects



Source: 2011 Shanghai Statistical Yearbook

Well-known enterprises operating in Yangpu District^②

Company	Country of origin	Company	Country of origin
Continental Automotive Asia Pacific Management (Shanghai) Co., Ltd.	Germany	Shanghai Kentucky Fried Chicken Co., Ltd.	United States
Siemens (China) Co., Ltd. Shanghai Branch	Germany	Auchan (China) Investment Co., Ltd.	France
Henkel (China) Investment Co., Ltd.	Germany	AVCON	China
Oracle Asia R&D Center	United States	Shanghai Oriental TV Shopping Co., Ltd.	China
Shanghai CBRE Property Consultant Co., Ltd.	United States	Shanghai Fudan Microelectronics Co., Ltd.	China
Bay Area Investment Consulting (Shanghai) Co., Ltd.	United States	Shanghai Municipal Engineering Design Institute (Group) Co., Ltd.	China
EMC Information Intelligence R&D (Shanghai) Co., Ltd.	United States	Wentong Potassium Salt Group Co., Ltd.	China

Source:

①2011 Yangpu District Statistical Yearbook

②Shanghai Yangpu District Commercial Committee

South-South Global Creative Economy and Technology Exchange Forum^①

The third session of the South-South Global Creative Economy and Technology Exchange Summit opened in September 2009. Jointly launched by a Special Unit for the South-South Cooperation—United Nations Development Program and South-South Global Assets Technology Exchange, the summit focused on the financial cooperation of alternative energy and energy-conserving technologies, technology transfers and creative industries.

Cooperative agreement between Yangpu District, Shanghai and Lille, France^②

In July 2010, Shanghai's Yangpu District and Lille, France entered into a cooperative agreement committing both parties to enhancing technological innovation and competitiveness as follows:

- Promoting cooperation with universities, research institutions, technological incubators and businesses
- Promoting the expansion of French companies in China
- Providing assistance to Chinese companies in their business endeavors in France with the aim of establishing an international presence

Asian X Games

In May 2011, the Asian X Games kicked off at Jiang Wan Sports Middle School located within the Shanghai Yangpu Knowledge and Innovation Community. Almost 200 elite athletes from 30 countries and five continents participated in the competition.

This marked the fifth year that Shanghai Yangpu District hosted the international competition, which has helped increase the popularity rate of extreme sports in China.



Partnership Conference between Yangpu District, Shanghai and Lille, France in July 2010

2009–2010 international exchange events in Yangpu District

2009	The third session of the South-South Global Creative Economy and Technology Exchange Summit
2010	Cooperation agreement between Yangpu District, Shanghai and Lille, France
2010	The Expo Horn—2010 Shanghai Spring Orchestral Festival
2010	Asian X Games
2010	The second Shanghai 800 Art Zone Fall Art Week
2010	The 10 th Urban Forest Carnival



Asian X Games held in May 2011

Source:

① Official website of Shanghai Municipal People's Government

② Official website of Shanghai Yangpu District

3.3 Business Cooperation – U.S. Silicon Valley Bay Area

The first overseas branch of San Francisco's Bay Area Council, Bay Area Investment Consulting (Shanghai) Co., Ltd. was unveiled in June 2010 at the Shanghai Yangpu District Knowledge and Innovation Community.

The company's mission is to promote trade and investment between the Bay Area and China, and help introduce sophisticated Bay Area concepts and technology to companies in China.

Yangpu for "win-win" collaborations

After conducting extensive research, the Bay Area Council chose to open its first overseas branch in Yangpu District to promote trade and investment in the Bay Area, the Yangtze River Delta and China as a whole. The Bay Area Council's selection of Yangpu was to benefit from China's economic restructuring and develop an innovative economic center with influence across the Yangtze River Delta.

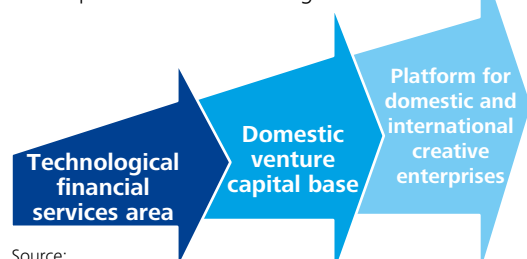
Shared policies for the development of a shared future

Yangpu District is a critical component in Shanghai's initiative to build an international financial hub. Its unique competitive advantage and robust services industry are ideal for attracting venture capital and innovative business start-ups.

Drawing on similarities between Yangpu District and the Silicon Valley, the Bay Area Council has capitalized on its success by being a catalyst for the financial services sector and encouraging innovation for a number of high-tech companies in the Yangpu District.

Direction of Yangpu District's future development

Yangpu District will broaden its international cooperation with the Bay Area and Silicon Valley with a focus on facilitating innovative business development across the Yangtze River Delta.

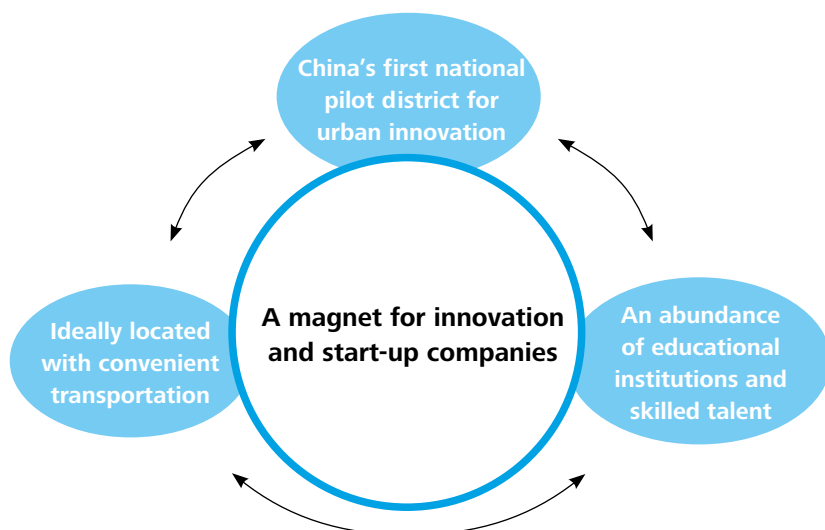


Source: Official website of Shanghai Yangpu District

“An abundance of educational facilities and human resources, and its strategic location amidst a large concentration of businesses in the Yangtze River Delta, Yangpu District has much in common with Silicon Valley. Yangpu District is the preferred gateway into China for both large and small-to-medium size enterprises.”

— President and CEO of Bay Area Council. Jim Wunderman

Yangpu's unique advantages



Friendly business cooperation conference between Yangpu District, Shanghai and San Francisco's Bay Area Council in June 2010

3.4 Hotel/Convention Facilities

Star-rated hotels in Shanghai

At the end of 2010, Shanghai was home to 44 five-star hotels. Many of these hotels are conveniently located in major business centers and provide excellent facilities to accommodate both business travelers and tourists.

Well-known hotels in Yangpu District

Wyndham Bund East Shanghai Hotel^①

Wyndham Bund East Shanghai Hotel is adjacent to the Yangpu Bridge, allowing guests to enjoy both the serenity of the Huangpu River and the nostalgia of old Shanghai. The hotel occupies approximately 60,000 square meters and features 482 well-appointed rooms, including 28 elegant suites.

Crowne Plaza Fudan Shanghai Hotel^②

Crowne Plaza Fudan Shanghai Hotel is a five-star hotel located near Fudan University and the Wujiaochang Commercial Circle. The hotel features 309 rooms, 12 meeting rooms and a function hall that seats up to 600 guests.

Creative lofts—rebirth of old factories

The opening of the Shanghai International Design and Trade Promotion Center has provided Yangpu District with an opportunity to promote the remodeling of old factories to boost urban industry.

Shanghai International Fashion Center (formerly Cotton Mill No. 17)^③

Occupying a gross floor area of 143,000 square meters, the Shanghai International Fashion Center boasts a stylish clubhouse, multi-functional show arenas, boutiques, dining and entertainment, and hotel facilities all under one roof. The center is Shanghai's and China's most well-equipped facility, and is an ideal location for hosting world-class events.

Mingda Creative Plaza (formerly Shanghai Welding Machine Factory)^④

As China's first creative theme park focusing on crafts, artwork and environmental design, Mingda Creative Plaza is a center for creativity, research and development, production, exhibition and trade. As China's first creative theme park focusing on crafts, artwork, and environmental design, Mingda Creative Plaza is a center for creativity, research and development, production, exhibition, and trade.



Source:

- ① Official website of Wyndham Bund East Shanghai Hotel
- ② Official website of Crowne Plaza Fudan Shanghai Hotel
- ③ Official website of Shanghai International Fashion Center
- ④ Official website of Shanghai Yangpu District



4. Human Resources

-
- 4. Introduction
 - 4.1 Established Universities
 - 4.2 Scientific Research Capacities
 - 4.3 Human Resources Costs

4. Introduction

It is widely accepted among enterprises that “science and technology are the primary productive forces and human resources the primary resources.” The availability of skilled human resources is therefore considered a key success factor in corporate investment strategies.

As an economic center, Shanghai has been able to attract outstanding talent, both from China and overseas. As the birthplace of modern industry in Shanghai, Yangpu District boasts a profound cultural heritage, and today, as the home to 14 institutions of higher education, Yangpu offers an abundant and diverse pool of high-caliber talent.



Yangpu District has ample high-quality human resources, and enterprises enjoy flexible options and superior policy support from the District government to facilitate the absorption of talent.

—Auchan (China) Investment Co., Ltd.

Established in 1961 in Lille, France, Auchan is a leading retailer, recognized for its pioneering combination of a wide range of choices, value for money and a focus on customer service.

4.1 Established Universities

Established universities

Yangpu District is recognized for its extensive scientific research and educational resources. Missionary colleges began to emerge in the District in the early 1900s, and there are now 14 institutions of higher education, accounting for over one-third of all institutions of higher education in Shanghai.

Cluster of renowned universities

Shanghai offers the best educational resources in China, and a number of top universities are located in Yangpu District:

- Fudan University (founded in 1905)
- Tongji University (founded in 1907)
- University of Shanghai for Science and Technology (former Hujiang University founded in 1906)
- Shanghai University of Finance and Economics (founded in 1917)
- Second Military Medical University (founded in 1949)
- Shanghai University of Electric Power (founded in 1951)
- Shanghai University of Sport (founded in 1952)

Yangpu District's share of the overall number of students in Shanghai

College students	Proportion
Doctorates	50%
Graduates	40%
Undergraduates	30%
Foreign students	20%

Source: Shanghai Yangpu District Research Section; the 12th Five-Year Plan for Strategically Emerging Industries in Yangpu District, Shanghai

Diversified talent pool

Shanghai attracts the best of the country's talent who come to the city for the opportunity to develop their careers. Yangpu offers a distinguished academic environment in which outstanding young professionals can thrive.

International curricula

Fudan University runs international MBA and EMBA programs in collaboration with many foreign universities, including MIT (Massachusetts Institute of Technology), Washington University in St. Louis, and Norway Business School. Shanghai University of Finance and Economics has set up an MBA College, in collaboration with foreign educational institutions, including Webster University based in the U.S.



Source:
Official website of Shanghai Yangpu District

4.2 Scientific Research Capacities

Impressive scientific research capacities

Yangpu District offers a large concentration of college and universities and distinguished educational and scientific research facilities.

Scientific research facilities of Yangpu District in 2010	
10,529	Professional technicians ^①
4,390	Technology-oriented enterprises
119	High-tech enterprises ^②
66	State-level key subjects
51	Academicians ^③
22	State-level key labs
14	Science and technology parks

Scientific research achievements

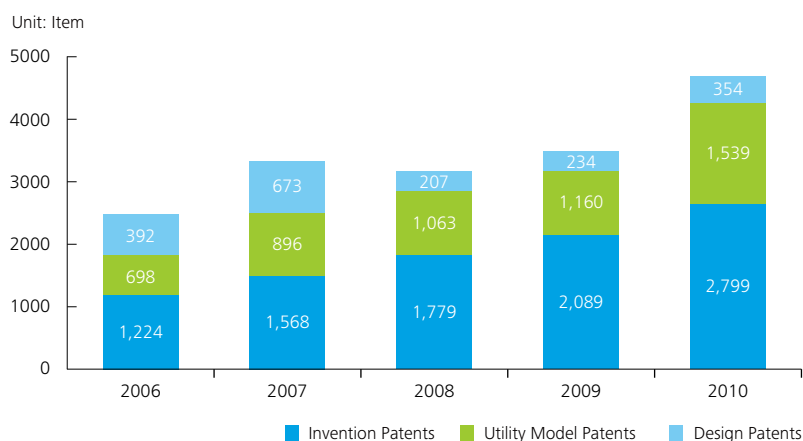
In 2010, Yangpu District invested CNY 422 million in technological undertakings, a growth of 13.5% over 2009. The annual number of patent applications filed in Yangpu District reached more than 4,000.^②

Cloud computing innovation base

Cloud computing has emerged as an area of innovation and growth for the software and information service sectors in Shanghai.

In October 2010, the Cloud Computing Innovation Base of Shanghai was unveiled in Yangpu District. The base is designed as a research cluster for the cloud computing industry in Shanghai and the rest of the country. Enterprises such as EMC China Center of Excellence, Kaspersky Shanghai Lab, Baidu Shanghai and Skycloud Technology, etc. have established operations at the base.

2006–2010 number of patent applications filed in Yangpu District



Source: 2011 Yangpu District Statistical Yearbook



The EMC China Center of Excellence employs over 1,000 outstanding technical staff persons, and runs joint labs with top-notch universities, including Fudan University. Taking advantage of the scientific research and educational advantages of Yangpu District, EMC works with universities to conduct basic research in cloud computing and information security.

—EMC China Center of Excellence

Headquartered in Massachusetts in the U.S. and listed on the New York Stock Exchange, EMC is a leading-edge company in the field of information storage and management system, software, services and solutions. EMC has more than 400 offices and many business partners in over 80 countries. EMC has 14 branch offices and three R&D centers in China.

Source:

① 2010 Statistical Bulletin of GDP and Social Development of Yangpu District, Shanghai

② 2011 Yangpu District Statistical Yearbook

③ Academicians refer to those of the Chinese Academy of Sciences and the Chinese Academy of Engineering

4.3 Human Resources Costs

The costs of human resources (mainly wages and various social security premiums)—a major key to the success of any business—also comprise a major portion of a company’s operating costs.

Wage costs

The average monthly wages of Shanghai employees in 2009 and 2010 are as follows:

2009	2010
CNY 3,566	CNY 3,896

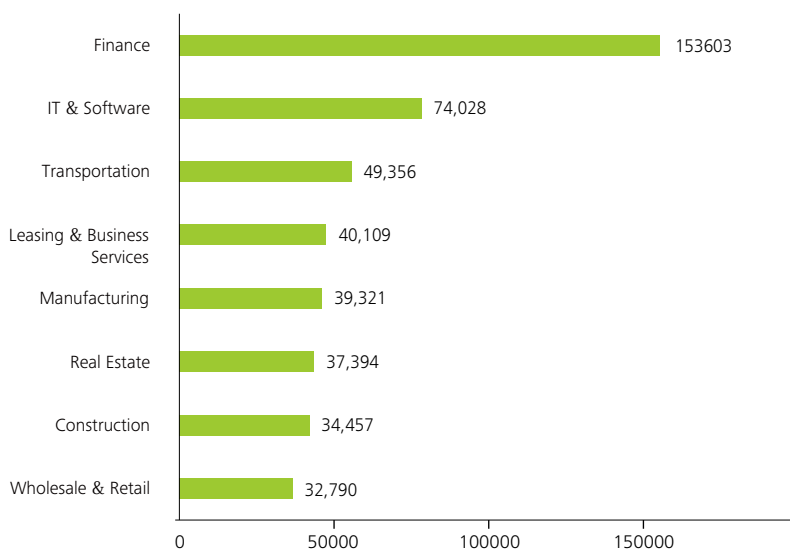
Social security costs

Companies in China are required to pay a proportional share of an employee’s social security premiums (including social insurance and the housing provident fund). In Shanghai, the social security premiums borne by local enterprises are 37% of total wages and the housing provident fund is 5%-7%.



2010 industry average wages of Shanghai

Unit: CNY



Source: 2011 Shanghai Municipal Statistical Yearbook

2010 social security premiums borne by enterprises in Shanghai

Social security premiums borne by enterprises	Specific premiums borne by enterprises	
42%-44%	Unemployment Insurance	2%
	Pension Insurance	22%
	Medical Insurance	12%
	Work-Related Injury Insurance	0.5%
	Maternity Insurance	0.5%
	Housing Provident Fund	5%-7%

Source: Human Resources & Social Security Bureau of Yangpu District, Shanghai

Source: Human Resources & Social Security Bureau of Yangou District, Shanghai



5. Infrastructure

-
- 5. Introduction
 - 5.1 Air Transportation
 - 5.2 World-Class Ports
 - 5.3 Railway Transportation
 - 5.4 Expressways/Urban Transportation
 - 5.5 Information Technology/Energy Supply

5 Introduction

Transportation is vital to economic and regional development. The transportation network must facilitate flows of human resources, materials, capital, and information.

Yangpu District's unique geographical advantages and its convenient inter-district and intercity transportation networks allow the District to link up with other areas of Shanghai, as well as with the Yangtze River Delta, thus enabling enterprises to utilize resources and seek business opportunities more efficiently.

Yangpu District promotes the integrated development of informatization and industries, as well as infrastructure for e-business.

Yangpu District has relatively uncongested roads and ample public transportation. The District also has a well-developed municipal infrastructure and logistics network. What is remarkable is that the level of informatization has been rising in the District over the past few years.

—Shanghai Oriental TV Shopping Co., Ltd.

Founded in 2003, Shanghai Oriental TV Shopping Co., Ltd. is a leading home shopping company in China. The company offers a variety of goods via media such as TV, Internet, bulletins, IPTV and WAP.



5.1 Air Transportation

Shanghai Hongqiao Airport —An Important Part of Hongqiao Comprehensive Transportation Hub

- Shanghai Hongqiao Airport is a 4E-class airport in China.^①
- In 2011, Hongqiao Airport won the first prize for the “Most Improved Airport Worldwide” and the second prize for the “Best Airport in China” by Skytrax, an international authoritative airline and airport service benchmarking organization, and it received the “Best Improvement Award 2010 – Asia Pacific” by Airports Council International (ACI).^②

Shanghai Pudong International Airport —The Gateway of International Aviation

- In 2010, Pudong International Airport had a passenger handling capacity of over 40 million persons and a cargo/mail handling capacity of over 3.24 mmt.^③
- According to the results of the Global Airport Passenger Satisfaction Survey 2010 published by the Airports Council International (ACI), Pudong International Airport ranks No. 5 among 146 airports worldwide. It is recognized as one of the world’s Top Five airports. ^④



Hongqiao and Pudong International Airports in Shanghai are ranked together as one of the top three international airports in China.

Distance from Yangpu District to Shanghai Airports	
Airport	Distance (km)
Shanghai Hongqiao Airport	25
Shanghai Pudong International Airport	40

Source: Map of the People’s Republic of China



Source:

①4E-class Airport: The flying zone is graded by a code comprised of two parts. Part I is a digital number representing the runway performance and barrier restrictions that correspond to performance of the aircraft. Part II is a letter representing the required width of the runway and taxiway to accommodate the dimensions of the aircraft. An airport of 4E-class, which is the highest in China, means that the runway should be at least 1,800 meters minimum, the wingspan range 52-60 meters and the wheel-span 9-14 meters.

②Official website of Shanghai Airport Authority

③Official website of Shanghai Municipal People’s Government

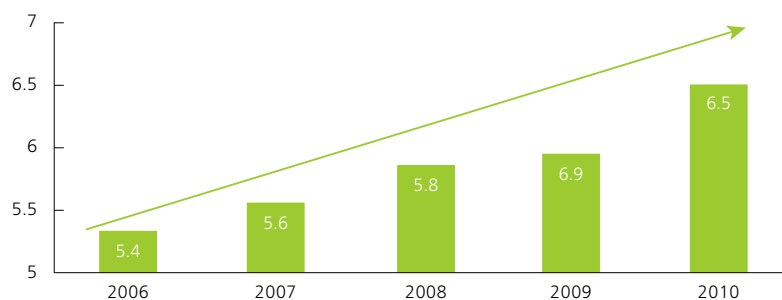
5.2 World-Class Ports

The Port of Shanghai: international shipping center with the world's largest cargo handling capacity

As a crossroads of east-west shipping along the Yangtze River and the south-north marine route, the Port of Shanghai is located at the mouth of the Yangtze River Delta and at the center of Mainland China's coastline, commanding the Yangtze River estuary. A recognized hub port along China's coastline and an important port engaged in international trade, the Port of Shanghai accounts for about 20% of the total foreign trade handling capacity of all major coastal ports in China.^①

2006–2010 cargo handling capacity of Shanghai Port

Unit: 100 mmt (million metric tons)



Source: Official website of Shanghai Port

Yangshan Port^②

Yangshan Port, a large world-class deep water port, handled 10.1 million Teus in 2010, accounting for 35% of the total handling capacity of containers in Shanghai Port.

The Port of Shanghai, ranked first among global ports in terms of cargo and container handling capacity, has been awarded an honorary title by the China World Record Association for being the world's largest port in terms of cargo handling capacity.

Waigaoqiao Port^③

International ships sailed into or out of Waigaoqiao Port more than 20,000 times in 2010, carrying more than 240,000 persons.

2010 cargo handling capacities of Waigaoqiao and Yangshan Ports

Port	Cargo handling capacity (10K Tons)	Container handling capacity (10K Teus)
Waigaoqiao Port	13,569	1,498
Yangshan Port	8,892	1,010

Source: Deloitte database



Source

①www.chineseport.cn

②www.jt.china.com.cn

③www.csjghz.gov.cn

5.3 Railway Transportation

Shanghai Railway Station

Shanghai Railway Station – the railway station with the largest passenger flows in Shanghai^①

Located in northern Shanghai, Shanghai Railway Station handles the largest passenger flows in the metropolitan area. Convenient transfers enable passengers to enjoy easy access to railways, metro, light-rail traffic, long-distance coaches, taxis and buses in the vicinity of the railway station. Trains departing the station travel to many destinations nationwide, and include berth-compartment bullet trains to Beijing and express trains to Tianjin and Hong Kong.

Shanghai Hongqiao Station

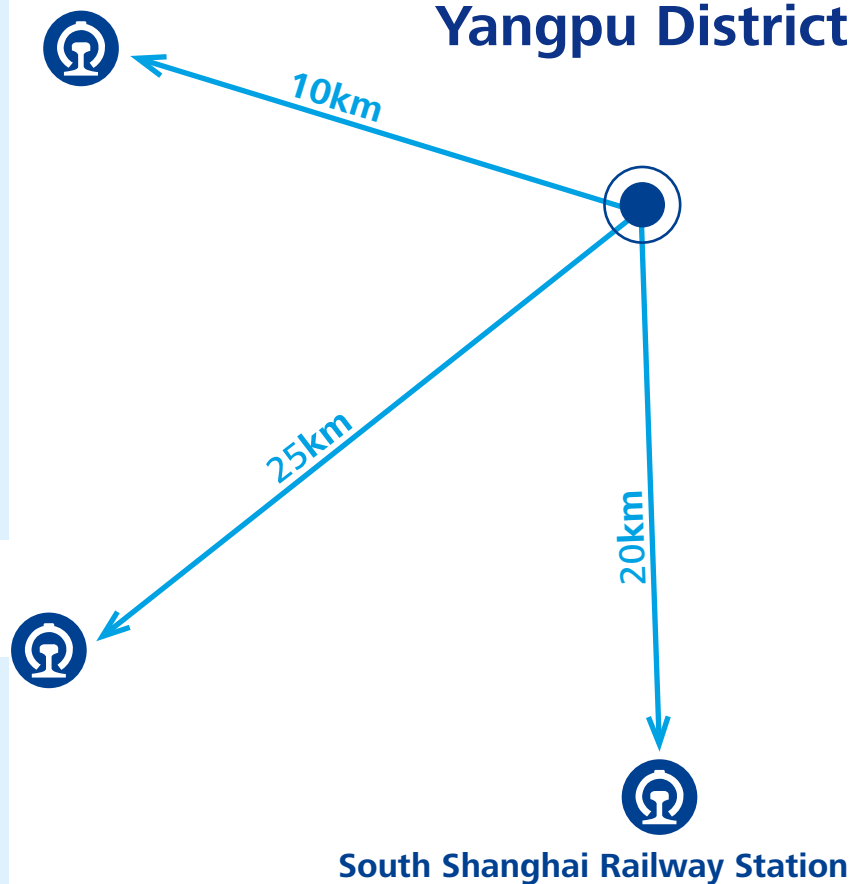
Shanghai Hongqiao Station – an important part of the Hongqiao Transportation Hub^②

Located on the west side of Shanghai's Hongqiao Airport, Shanghai Hongqiao Station opened in July 2010. The station is primarily designed to handle passengers travelling via high-speed trains.

A highly modernized passenger railway station in China, Shanghai Hongqiao Station is the most important passenger railway hub and the largest passenger railway station in Eastern China.

- North side: Beijing-Shanghai High-Speed Railway, Beijing-Shanghai Railway and Shanghai-Nanjing Intercity Railway
- South side: Shanghai-Kunming Railway, Shanghai-Hangzhou-Ningbo Special Passenger Railway and Shanghai-Hangzhou Intercity Railway

Yangpu District



South Shanghai Railway Station – the south gate of downtown Shanghai^②

South Shanghai Railway Station is an important transportation hub that links the Yangtze River Delta and Pearl River Delta with the other cities and areas, including Hong Kong and Macao.

The station offers convenient transfers between railway trains, subway trains, taxis, and buses, and is known as the south gate of downtown Shanghai.

Source:

①www.shhcz.com.cn

②www.shrail.com

5.4 Expressways/Urban Transportation

Expressway network

Shanghai has close links with neighboring cities in the Yangtze River Delta and other metropolitan areas in the country because of the ongoing construction and expansion of its expressway network.

The “One-Hour Economic Zone” encompassing Shanghai, Nanjing and Hangzhou links the three cities with its convenient transportation network and enhances the integrated economic development of Shanghai, the Yangtze River Delta, and inland China.

Major expressways linking Shanghai with other cities

G1501 Shanghai Ring Expressway	Encircles downtown Shanghai, connecting the city with remote suburbs and neighboring satellite cities (total length of 189 km)
G2 Beijing-Shanghai Expressway	Shanghai-Beijing: 1,245 km
G15 Shenyang-Haikou Expressway	Shenyang-Haikou: 3,710 km Bypasses Shanghai and runs through the Yangtze River Delta
G40 Shanghai-Xi'an Expressway	Shanghai-Xi'an: 1,490 km
G42 Shanghai-Chengdu Expressway	Shanghai-Chengdu: 1,960 km
G50 Shanghai-Chongqing Expressway	Shanghai-Chongqing: 1,900 km
G60 Shanghai-Chongqing Expressway	Shanghai-Kunming: 2,370 km

Source: www.china-highway.com

Modern urban transportation network

Yangpu District has been improving its highways to meet the urban demand for public transportation.

238.3

The total length of constructed roads reached 238.3 km in Yangpu District by the end of 2010

88.5%

The 500 km public transportation coverage rate reached 88.5% by the end of 2010

Convenient subway system

The well-developed and convenient subway system is integral to the success of Yangpu District's transportation infrastructure.

3 / 19

At the end of 2010, there were three metro lines and 19 stations in service in Yangpu District.

28.1%

By the end of 2010, the network of subway stations at 600-meter intervals in Yangpu District was 28.1% complete.

Tunnel construction

Dalian Road Tunnel

Dalian Road in Yangpu District – Dongfang Road in Pudong New Area

Xiangyin Road Tunnel

Mid-Ring Road in Yangpu District – Wuzhou Avenue in Pudong New Area

Jungong Road Tunnel

Jungong Road /Mid-Ring Road in Yangpu District
– Jinqiao Road in Pudong New Area

Zhoujiazui Road Tunnel (planned)

Zhoujiazui Road in Yangpu District – Dongjing Road in Pudong New Area

Source:
Construction & Transportation Committee of Yangpu District, Shanghai

5.5 Information Technology/Energy Supply

“Smart Yangpu, Wise City” ①

Information infrastructure	<ul style="list-style-type: none"> • Optical fiber extensions into households in apartment blocks • Optical fiber renovations in office buildings • Full wireless broadband coverage in the Wujiaochang business district, science and technology parks and key office buildings
Integration of informationization and industries	<ul style="list-style-type: none"> • Complete the fully supportive e-business construction • Develop IT outsourcing, including software outsourcing • Develop business process outsourcing relating to financial information services • Construct at least three digitalized science and technology parks
Level of IT utilization in metropolitan area	<ul style="list-style-type: none"> • Build a data resource center focusing on public services • Establish a superior interactive management service system between the government, enterprises and residents • Ensure an appropriate information security system

Sufficient energy supply ②

Water

By the end of 2010, there were 105 waterworks in Shanghai delivering a daily water output of 11.3 million cubic meters, or an annual water output of 3.1 billion cubic meters, exceeding the amount demanded by 650 million cubic meters.

Electricity

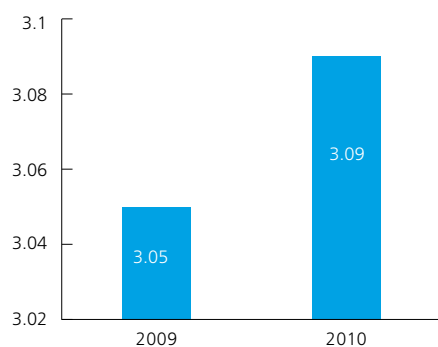
In 2010, Shanghai had a total power-generating capacity of 18.6 million kw, which satisfied the total power demand.

Gas

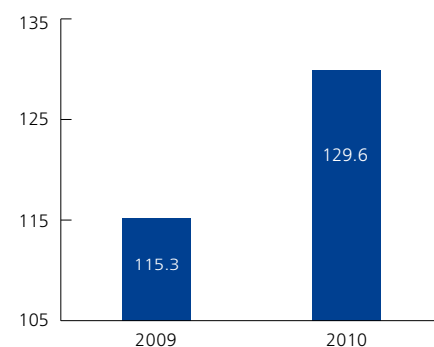
In 2010, Shanghai delivered a total supply of natural gas of 4.3 billion cubic meters, which satisfied the gas demands from industrial and commercial sectors and residents.

Energy supply continued to increase in 2010

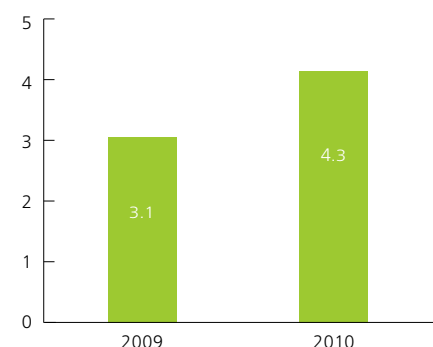
Water Supply (1 billion m³)



Power Supply (1 billion kw/hour)



Gas Supply (1 billion m³)



Source:

①The 12th Five-Year Plan for the National Economy and the Social Development of Yangpu District, Shanghai

②2011 Shanghai Municipal Statistical Yearbook



6. Living Environment

-
- 6. Introduction
 - 6.1 Medical Environment
 - 6.2 Education Environment
 - 6.3 Ecological Environment
 - 6.4 Living Environment
 - 6.5 Cultural Landscape

6 Introduction

An excellent living environment is both expected of a modern city and is a factor in attracting skilled talent.

Yangpu District is committed to growing its international community, enhancing its commercial and residential infrastructure, meeting the residential, leisure, schooling and housekeeping needs of high-end business personnel, and creating an optimal environment in which homegrown and foreign talent can innovate, create and launch start-ups.

Yangpu District offers a mature and abundant living infrastructure, along with a higher integration of production, living and services. We are satisfied with the supportive facilities catering to business and leisure, as well as green coverage.

—Shanghai Fudan Microelectronics Group Co., Ltd.

Shanghai Fudan Microelectronics Group Co., Ltd. is a company engaged in the design and development of large-scale integrated circuits and the delivery of system solutions. The company was listed on Hong Kong's GEM on August 4, 2000, becoming the first listed enterprise in the IC design sector in China.



6.1 Medical Environment

Healthcare

There are a number of general hospitals in Yangpu District, delivering comprehensive medical services. During the 11th Five-Year Plan period, Yangpu District developed a reputation as a venue for first-class healthcare, including traditional Chinese medicine. The District will further strengthen investment in medical facilities during the 12th Five-Year Plan period.

Medical institutions

By the end of 2010, there were 165 medical facilities in Yangpu District, including 11 general hospitals, one traditional Chinese medicine general hospital, and six specialized hospitals, which offer a handling capacity of 8,978 patients. Staffed with over 10,000 professionals and employees, Yangpu District medical facilities include 24 public institutions, four of which are at the municipal level:

- Changhai Hospital
- Xinhua Hospital
- Eastern Hepatobiliary Surgery Hospital
- Shanghai Pulmonary Hospital

Outpatient Service	8:00 a.m.–5:00 p.m.
Emergency Service	24-hour service

2010 data from medical institutions in Yangpu District

Medical Institutions	165
Medical Professionals	2,991
Certified nursing staff	3,849

Medical services for foreigners

The general hospitals in Yangpu District accept foreign patients and provide diagnostic services in English.

Yangpu District offers convenient medical services for key personnel residing in the District. So far, Yangpu District has made over 500 convenient medical cards for senior management of key enterprises in the District.

6.2 Education Environment

Education environment

At the end of 2010, there were 199 primary and secondary schools in Yangpu District, with over 10,000 teaching staff and nearly 100,000 students.

Education facilities

There are a variety of excellent municipal-level schools in Yangpu District. The key schools generally have an International Division that offers foreigners convenient and flexible schooling options.

- Fudan University Affiliated High School
- Shanghai Jiaotong University Affiliated High School
- Kongjiang High School
- Yangpu High School

Data for selected schools in Yangpu District

Schools	Number
Secondary schools	8
Senior middle schools	11
Junior middle schools	27
Vocational schools	10
Primary schools	44
Kindergartens	85

Source: Yangpu District Statistical Yearbook 2011



According to results of the fourth PISA (Program for International Student Assessment) Survey published by the OECD on 7 December 2010, middle school students in Shanghai are ranked No. 1 in the world in the subjects of mathematics, science, and culture.

6.3 Ecological Environment

General

Yangpu District has firmly committed to protect the environment by strengthening investment in greening initiatives. In 2010, Yangpu District had a green coverage rate of nearly 24%, with an urban greenbelt reaching 1,361 hectares. ^①

Green Yangpu

At the end of 2010, the *per capita* public greenspace reached 4.1 square meters, and the ambient air quality reached the State's Grade II criteria, with a total of 326 days of excellent ambient air quality, indicating an excellence rate of 89.9%. ^①

As part of the Yangpu District government's commitment to green initiatives, it is working to expand the per capita public greenspace up to 4.3 square meters during the 12th Five-Year Plan period, and to maintain the excellence rate of ambient air quality at 90% and higher.

Gongqing Forest Park

Occupying an area of 131 hectares and called a "Beautiful New Scenic Spot in Shanghai," Gongqing Forest Park is the largest park in downtown Shanghai. The park features a grass- and tree-covered area, a bamboo garden, and a plethora of entertainment facilities.

Gongqing Forest Park is a comprehensive vacation resort where visitors can enjoy forests, grassy areas and a bamboo garden without leaving the metropolitan area. ^②

A state-level forest park, Gongqing Forest Park is the largest park in downtown Shanghai.



Source:

①Yangpu Environmental Protection Bureau of Shanghai, China

②Official website of Gongqing Forest Park

6.4 Living Environment



Greening

Yangpu District makes optimal use of urban space and incorporates many green initiatives in order to improve the overall living environment.

The “three dimensional greenbelt” development helps to create a colorful urban landscape.

Wujiaochang Shopping Center

Wujiaochang has been rated by the municipal government of Shanghai as one of the top 10 commercial centers and one of the top four urban centers in Shanghai. As a premier multifunctional shopping destination (including the Wanda Plaza and Bailian Youyicheng), Wujiaochang offers a cosmopolitan and high-end experience.

New Jiangwan Town international community

Located in northeastern Shanghai, New Jiangwan Town is recognized for its extensive wetlands verdant with grass and woods and a paradise for fish and birds. A large garden-style international community with medium-and high-grade apartment buildings, New Jiangwan Town has attracted Shanghai’s international community and it will continue to be developed into an international knowledge-oriented eco-friendly town.

Environmental data of New Jiangwan Town	
20%	Large-scale greening rate
8%	Public waters
35%	Functional area greening rate
60%	Urban area green coverage rate

Source: China Economic Net

6.5 Cultural Landscape

One of the first districts developed in Shanghai, Yangpu District has an historic and a cultural heritage.



The old municipal government building of Shanghai was constructed in 1933 in a style similar to a Qing Dynasty palace, and is recognized as a “Shanghai Excellent Historical Building” and a “Shanghai Historical Relics Protection Unit.”



Shanghai Waterworks Science & Technology Museum is located in Yangshupu Waterworks of Shanghai Water Shibe Company, which was historically the earliest waterworks utilizing a ground surface water source in China. The museum took its shape by renovating the former Shanghai Water Exhibition Hall. The museum building is a British Gothic castle constructed in the early 1920s, and has been integrated into the adjacent architectural complex from the same period.



Constructed in 1936, the **Airplane Building** previously was home to the China Aviation Association. The main structure of the building appears to be an airplane ready to take flight, with the Chinese characters of China Aviation Association carved on the tail surface, demonstrating the historical value of the building.



The old Shanghai Museum and old Shanghai Library built in 1936 underwent a major architectural plan under the “Greater Shanghai Project.” Constructed as replicas of the Chinese traditional drum tower, the old Museum and the Library are together recognized as the twin stars in modern history of Chinese architecture.



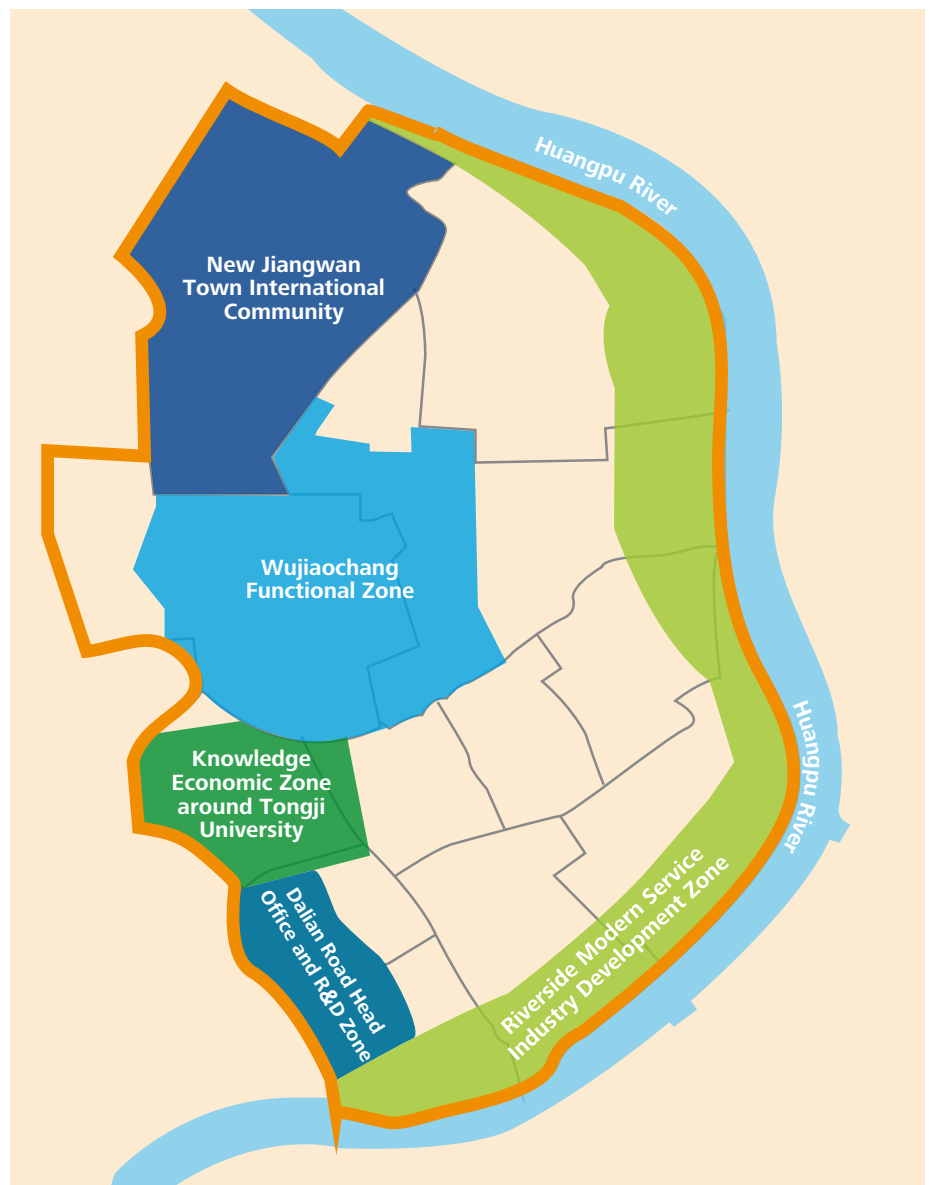
Appendix

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- I. Introduction to Major Business Functional Zones in Yangpu District
 - II. Procedures for Establishment of Foreign-Investment Enterprises (FIEs)
 - III. Registered Capital and Total Investment of FIEs
 - IV. Main Taxes Applicable to FIEs

Appendix I

Introduction to Major Business Functional Zones in Yangpu District

From 2006 to 2010, Yangpu District accelerated the construction of key areas, built a number of high-end commercial business districts, and attracted prominent enterprises to establish a local presence. The district government has strengthened collaboration with enterprises and universities and committed to the development of sustainable knowledge-based modern service and high-tech industries. This focus on the development of high value industries was accompanied by green initiatives, as well as enhancements to the local infrastructure and the living environment.



1.1 Wujiaochang Functional Zone

Business & Shopping Centers

During the 11th Five-Year Plan period, approximately 1.5 million square meters of business areas and 400,000 square meters of underground areas were developed in the Wujiaochang area. The Wujiaochang Functional Zone is divided into three sectors:

1. **South Sector – business district**, with a concentration of high-end office buildings, including:

Kaidi Financial Tower	Wujiao Fengda Business Plaza
Blue Sky Tower	Shanghai Wanda Plaza Office Building

2. **Central Sector – round-island business district and shopping center**, featuring Wanda Plaza and Bailian Youyicheng. In 2010, the Wujiaochang commercial circle realized CNY 3.7 billion in retail sales of consumer goods.

3. **North Sector – Knowledge and Innovation Community (KIC)**, a core sector slated for the development of innovative service systems. Occupying a space of approximately 89 hectares, with planned construction areas of 1.2 million square meters, the KIC, which will

be developed through the joint efforts of Yangpu District and the Hong Kong Shui On Group, has attracted over 260 enterprises and many international organizations, including Shanghai Representative Office of the U.S.-based Silicon Valley Bank.

Development target for the 12th Five-Year Plan period

An additional business area of nearly 1.7 million square meters and underground area of nearly 700,000 square meters are anticipated to be available in the Wujiaochang Functional Zone by the end of 2015. The plans are to:

- South Sector: Optimize the business layout, ensure superior infrastructure, enhance the level of services and foster a commercial environment.
- Central Sector: Enhance the round-island business environment and develop a municipal-level business landmark and first-class cosmopolitan shoppingcenter.
- North Sector: Develop the KIC and demonstrate its global capabilities.

Enterprises and organizations in the knowledge and innovation zone

Oracle	IBM
BOSE Audio	eBaotech
EMC	Shanghai Representative Office of Silicon Valley Bank
Deloitte Training Center	South-South Global Assets and Technology Exchange



Source: Shanghai Yangpu District Research Section; The 12th Five-Year Plan for the National Economy and the Socio Development of Yangpu District, Shanghai

1.2 Riverside Modern Service Industry Development Belt

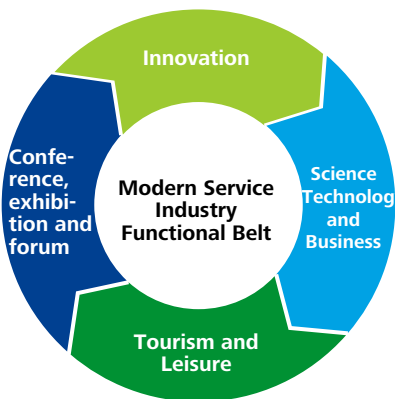
Completions during the 11th Five-Year Plan period

Development targets during the 12th Five-Year Plan period

Functional zone	Completed during the 11 th Five-Year-Plan period	Key carriers
Riverside Development Belt	39,500 square meters	<ul style="list-style-type: none"> Water Gate of EXPO Phase I of the Shanghai International Fashion Center

Planned industrial clusters

The Riverside Development Belt is designed as a new growth sector for the 12th Five-Year Plan period. It will feature a modern and innovative service industry base for science and technology, business, tourism and leisure, and will include conference, exhibition and forum facilities.



Development & Construction of Areas West of Fuxing Island (Key Construction Projects)

- Jiumian Creativity Economic Town
- Fisherman's Wharf
- Modern industrial relics square by the Yangpu Bridge
- Block No. 1 in Yangpu District
- Riverside public greenspace

North Extension of Core Area Industry Upgrading

- Promote the incubation, transformation and industrialization of scientific and technological results
- Upgrade the advanced manufacturing industries along Jungong Road
- Transform the riverside north extension into a cluster of modern design and producer service industries



Source: The 12th Five-Year Plan for the National Economy and the Socioal Development of Yangpu District, Shanghai

1.3 Knowledge Economic Zone around Tongji University

Dedicated to R&D and design services

Comprised of five state-level university science and technology parks and one state-level scientific innovation center, the Knowledge Economic Zone around Tongji University has been determined to be a characteristic industrial base for R&D and design services under the State "Torch Plan."

The Knowledge Economic Zone has already attracted many well-known design institutes and firms, including:

- Shanghai Municipal Engineering Design Institute
- Shanghai Posts & Telecommunications Design Institute
- Architectural Design and Research Institute of Tongji University
- Tongji Planning & Design Institute
- China Construction Engineering Design Group

Overview of the development of the Knowledge Economic Zone around Tongji University during the 11th Five-Year Plan period

Indices	By the end of the 11 th Five-Year Plan period (2010)	Growth compared to the beginning of the 11 th Five-Year Plan period
Number of enterprises	800	252.4%
Number of employees	31,000	405.3%
Area of industrial carriers	523,000 m ²	81.2%
Total output	CNY 15 billion	552%

Development targets during the 12 th Five-Year Plan period	
Economic targets	<ul style="list-style-type: none"> • Annual growth rate of at least 20% to be maintained • Total output of the economic circle to reach CNY 30 billion
Office area	<ul style="list-style-type: none"> • Serviceable office building area to reach 1 million square meters
Number of enterprises	<ul style="list-style-type: none"> • More than 300 new enterprises to be opened annually, including more than 50 start-ups run by college graduates • Total number of enterprises to reach about 3,000

Key development directions of science and technology parks during the 12th Five-Year Plan period

Key parks	Major areas
National University Science and Technology Park of Fudan University	Electronic information and biomedicine
National University Science and Technology Park of Tongji University	Creative design, energy savings, environmental protection and international engineering consultation services
National University Science and Technology Park of University of Shanghai for Science and Technology	R&D for the advanced manufacturing industry
National University Science and Technology Park of Shanghai University of Finance and Economics	Modern financial services
National University Science and Technology Park of Shanghai University of Electric Power	New energy and power supply service industry
Science and Technology Park of Shanghai Fisheries	Ocean fisheries science and technology
Shanghai Education Service Park	Educational service industry
Shanghai Intellectual Property Park	Intellectual property rights services
National Sports Science and Technology Exemplary Park of Shanghai University of Sport	Sports and healthcare industries
Other Science and Technology Parks, such as Wujiachang Hi-Tech Park and Yangpu Technology Incubation Center	Start-up incubation, transfer of scientific and technological results and integration of production, education and research Knowledge service industry and strategically emerging industries
Scientific Research Institute Park	Emerging industries, such as cloud computing, special cables and sensors, etc. Carry out technology transfer or development projects and develop a production/education/research cooperation center, knowledge service center and college graduates' practice and start-up base in collaboration with technology enterprises

Source:

The 12th Five-Year Plan for the Knowledge Economic Zone around Tongji University in Yangpu District, Shanghai; The 12th Five-Year Plan for the National Economy and the Secoial Development of Yangpu District, Shanghai

1.4 Dalian Road Head Office and R&D Zone

Cluster head offices and R&D organizations

By the end of 2010, Shanghai had attracted 213 holding companies and 305 regional headquarters of multinational companies. Seventy-four of the Fortune 500 companies have set up regional headquarters in Shanghai.

Located at the southwest corner of Yangpu District, the Dalian Road Head Office and R&D Zone is adjacent to the Knowledge Economic Zone around Tongji University on the north and the Riverside Development Belt on the south. A business area of almost 30 hectares (74 acres) is home to the regional head offices of many prominent enterprises. Companies located in the Dalian Road Head Office and R&D Zone realized a total output of CNY 12.4 billion in 2010.



Completions during the 11th Five-Year Plan period

Functional Zone	Completed	Examples of headquarters
Dalian Road Head Office and R&D Zone	209,000 square meters	<ul style="list-style-type: none"> Siemens East China Region Continental AG EmbryForm Shanghai

Dalian Road, where Siemens is located, has convenient transportation and very good public services. We feel that the investment environment in Yangpu District is always progressing and the local government's supportive policies are attractive.

—Shanghai Branch of Siemens (China) Co., Ltd.

Headquartered in both Berlin and Munich, Germany, Siemens is one of the world's largest electronic and electric engineering companies. The company is primarily engaged in industrial, energy and medical areas. Siemens has been listed on the New York Stock Exchange since March 2001.

The 12th Five-Year Plan

Efforts will continue to encourage domestic and multinational companies to establish regional head offices, R&D centers and marketing centers in Yangpu District, making the District a vital and world-class zone connected with Pudong New Area, the Yangtze River Delta, and the country at large.

Planning and construction	<ul style="list-style-type: none"> Renovate the Baodi Plaza and Pingliang Blocks Cluster R&D centers and regional head offices of the Fortune 500 enterprises Attract management and R&D head offices and distribution centers of prominent Chinese enterprises
Optimize the business environment	<ul style="list-style-type: none"> Develop supportive international communities Support the business and residential environment in favor of high-end business persons Upgrade the commercial and leisure zone

Source:

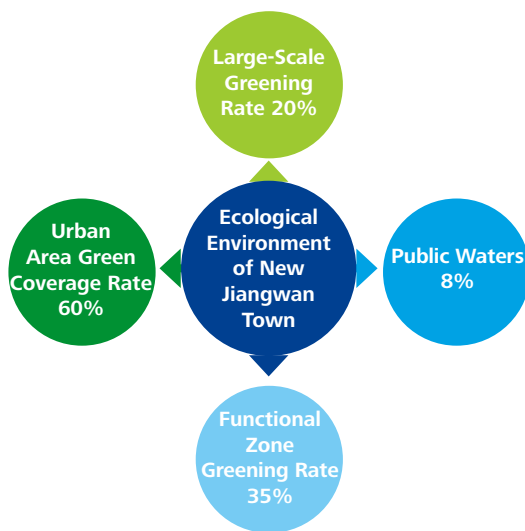
China Economic Net; The 12th Five-Year Plan for the National Economy and the Socioal Development of Yangpu District, Shanghai

1.5 New Jiangwan Town International Community

Ecology • Residence • Culture

Occupying an area of 9.5 square kilometers, New Jiangwan Town is located in northern Yangpu District south of the Huangpu River, and is bordered by Wujiaochang on the south.

Its eco-friendly environment, cultural atmosphere and lifestyle have enabled New Jiangwan Town to attract the international community in Shanghai.



Regional planning and supportive facilities

Plans are to build up six major blocks (Jiangwan Tiandi, Jiangwan Campus of Fudan University, New Jiangwan Town Park, Nature Garden, Cosmopolitan Village, and the Knowledge Business Center) in New Jiangwan Town, in addition to residential and leisure facilities.

International residential communities

New Jiangwan Town has attracted many real estate developers to work on projects such as:

- Yanlord Property — Yanlord Town
- Hong Kong Wharf — Wharf Xiyuan
- China Resources Land — New Jiangwan Jiuli; Oak Bay
- Shanghai Anqing Property — Yinyilingshu

International • Eco-friendly • Intelligent

During the 12th Five-Year Plan period, Yangpu District will foster the development of New Jiangwan Town as an international, eco-friendly community and the establishment of high-end business projects to make New Jiangwan Town a core area in the Jiangwan-Wujiaochang center in terms of business, housing, and ecology.

Development targets

<p>North-west sector Scientific research, education and industrial clusters</p>	<ul style="list-style-type: none"> • Exploit the scientific research and talent advantages of universities, including Fudan University, etc. • Attract R&D centers, regional headquarters and business operation centers of prominent enterprises
<p>Central sector High-quality living area</p>	<ul style="list-style-type: none"> • Build an ecological network system featuring the harmonious coexistence of green areas and water • Develop high-quality infrastructure in accordance with international standards and improve access to public services
<p>South sector Modern business & commercial functional zone</p>	<ul style="list-style-type: none"> • Institute a series of projects, including the Knowledge Business Center and establish an urban complex featuring office buildings, world class hotels, theaters, shopping centers and apartment buildings • Develop in conjunction with Wujiaochang Functional Zone



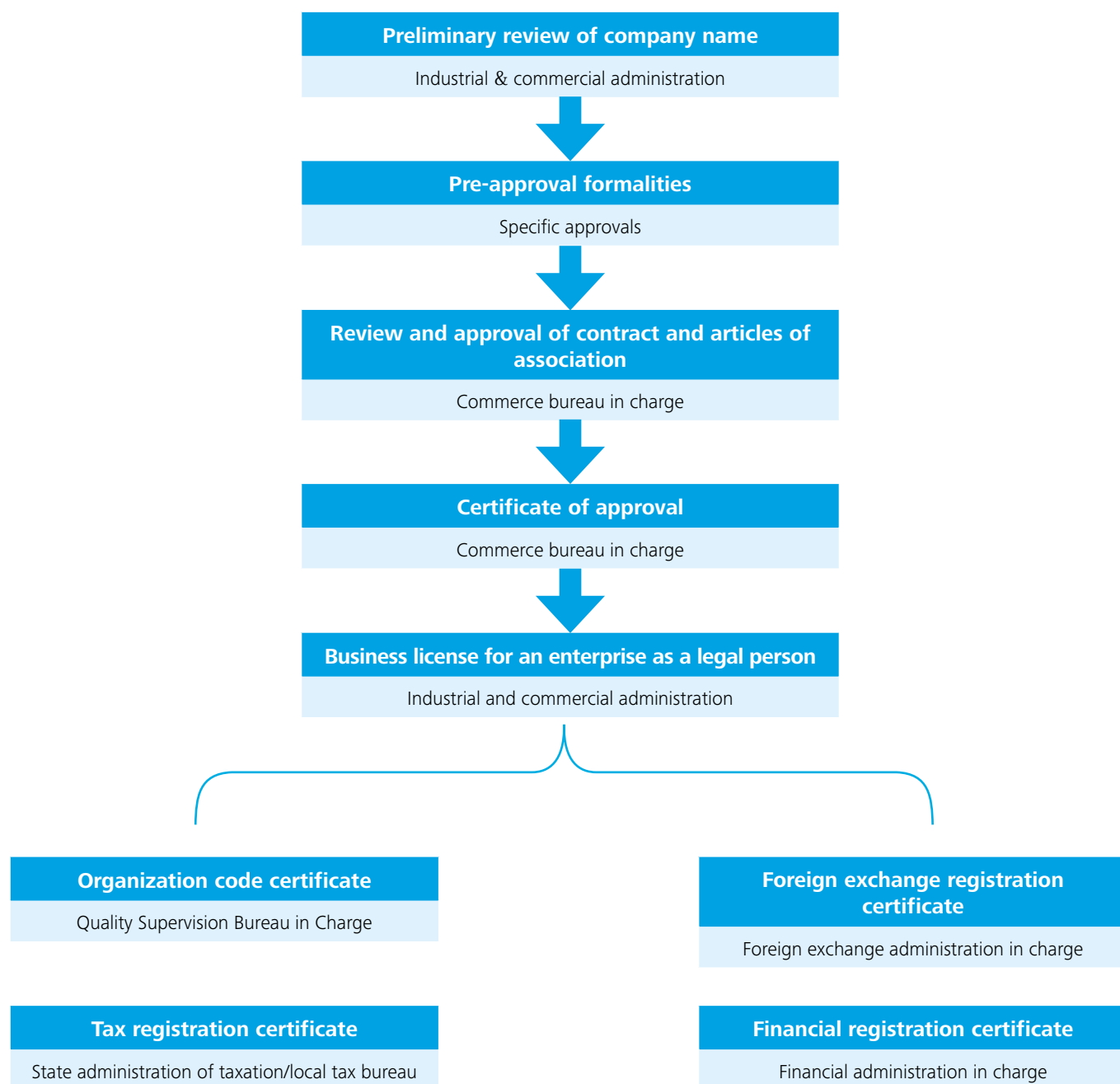
Source:

www.shyp.gov.cn;

Outline of the 12th Five-Year Plan for the National Economy and the Social Development of Yangpu District, Shanghai; Industrial Development Planning of Shanghai Yangpu District during the 12th Five-Year Plan period

Appendix II

Procedures for Establishment of Foreign-Investment Enterprises (FIEs)



Appendix III

Registered Capital and Total Investment of FIEs

Forms of capital contribution^①

Foreign investors may contribute capital with freely exchangeable foreign currency or tangible/intangible property, such as machinery, industrial property rights and/or know-how, according to their monetary value. Subject to the approval of the relevant authorities, capital contributions also can be made with CNY profits earned in other FIEs in China.

Ratio of registered capital to total investment^②

Investors wishing to set up an FIE in China must comply with the rules governing the ratio of registered capital to total investment. Compliance with these rules is also required for any increase in capital.



Capital contribution milestone^③

Contributions to capital must be clearly set out in the relevant contract and in the company's articles of association. Lump-sum contributions must be made within six months of the date a business license is issued; if the contributions are to be made by installment, the initial contribution may not be less than 15% of the registered capital or lower than the minimum registered capital required by law, and the initial contribution must be made within three months after the date the business license is issued, with the balance paid within two years of the date of incorporation of the proposed company. Capital contributions to a China holding company should be paid up within five years.

Total investment	Registered capital
Less than USD 3 million	At least 70% of the total investment
USD 3-10 million	At least 50% of the total investment, but if the total investment of a project is less than USD 4.2 million, the registered capital must be at least USD 2.1 million
USD 10-30 million	At least 40% of the total investment, but if the total investment of a project is less than USD 12.5 million, the registered capital must be at least USD 5 million
Over USD 30 million	At least one-third of the total investment, but if the total investment of a project is less than USD 36 million, the registered capital must be at least USD 12 million

Source:

① Rules for Implementation of the Law of the People's Republic of China on Foreign-Invested Enterprises (State Council Order No. [2001] 301)

② Company Law of the People's Republic of China (President's Order No. [2005] 42)

③ Interim Provisions of the State Administration for Industry and Commerce Concerning the Proportion of Registered Capital to the Total Amount of Investment of China Foreign Equity Joint Ventures (Gongshangqizi No. [1987] 38)

Appendix IV

Main Taxes Applicable to FIEs

Income tax	Taxable scope	Tax rate
Corporate income tax	Resident enterprises are subject to corporate income tax on their worldwide income. Nonresident enterprises are taxed on their China-sourced income and income related to their offices and/or facilities maintained within China.	Statutory tax rate: 25% Tax rate for small low-profit enterprises: 20% Tax rate for high and new technology enterprises: 15% Withholding tax rate: 10%
Individual income tax	Individuals who are domiciled in China or who do not have a domicile but have lived in China for at least one year are taxed on their worldwide income. All other individuals are taxed only on their China-source income. There are 11 types of income, including salary and labor compensation.	Statutory tax rate: 5%-45%

Turnover tax	Taxable scope	Tax rate
Value added tax	VAT is levied on any person and/or organization engaged in the sale of goods and/or the provision of processing, repair and/or replacement services within China.	Statutory tax rate: 0%, 13%, 17%
Consumption tax	Consumption tax applies to entities that produce, engage other contractors to process, import or sell 14 categories of consumer goods (cigarettes, wine, cosmetics, etc.).	Ad valorem rate: 1%-56%
Business tax	Business tax is imposed on entities engaged in activities involving immovable property and intangible assets that are not subject to VAT.	Statutory tax rate: 3%-20%
Duty	The consignees of imported goods, consignors of exported goods and owners of any product brought into China are subject to custom duties.	Omitted

Other taxes	Taxable scope	Tax rate
Deed tax	Deed tax is imposed on the transferee of real property, calculated as a certain percentage of the total value of the property.	Statutory tax rate: 3%-5%
Real estate tax	The owner of real property located in urban areas is subject to the real estate tax, based on the assessed or rental value of the property.	Statutory tax rate (assessed value): 1.2% Statutory tax rate (rental value): 12%
Land value increment tax	Land value increment tax is levied on the transfer of state-owned land and/or architectural buildings and fixtures, depending on the gain realized.	Statutory tax rate: 30%-60%
Stamp duty	Stamp duty is levied on prescribed documents and taxable vouchers.	Statutory tax rate (As per the amount on the voucher): 0.005%-0.1% Stamp duty per document: CNY 5

Source:
State Administration of Taxation as of 30 September 2011

Conclusion

Summary

During the 11th Five-Year Plan, Yangpu District prioritized the construction of five functional areas: Wujiaochang Functional Zone, New Jiangwan Town International Community, Knowledge Economic Zone around Tongji University, Riverside Modern Service Industry Development Zone and Dalian Road Head Office and R&D Zone. The District also has focused on providing modern services, developing the commercial environment, tapping into the talent pool, utilizing sound scientific research and creating reliable infrastructure. As a result, Yangpu has quickly evolved into a robust urban business district and a center for culture and innovation. By continuing to upgrade its industrial capabilities, Yangpu District is expected to emerge as an international center that is renowned for innovation.

Based on an analysis of Yangpu District's investment environment, this report summarizes the area's five key advantages:

Supportive government services

Government efficiency and transparency has markedly improved by combining innovative business service systems and updating public service platforms. This has led to improved policy guidance and a more favorable investment climate in Yangpu District.

Rich cultural heritage

With globalization plans founded on rich historical and cultural heritage, Yangpu blends the classic and the modern, and is at the intersection of tradition and fashion, all helping to revitalize and modernize the District.

Superior location

Boasting easy access to main transportation arteries, excellent infrastructure and a favorable location adjacent to the Bund in Puxi and Lujiazui in Pudong New Area, Yangpu is strategically situated as a key business district in Shanghai and well-placed for sound economic development.

Innovative environment for scientific research

One of China's first pilot districts for innovation, Yangpu is home to Shanghai's largest scientific and technological incubators and the most high-tech companies. A solid research base rooted in local academic institutions has helped support specialized industrial centers and enabled the steady development of local and foreign companies.

A wealth of human resources

Yangpu District is home to 14 reputable academic institutions that have committed to implement Yangpu's unique value proposition: "Knowledge Yangpu." With a deep talent pool, an increasingly "international, intelligent and ecological" community and cooperative exchanges with the San Francisco Bay Area, the globalization of Yangpu will continue to accelerate, attracting a greater number of high-caliber overseas personnel.

Drivers of development

To align with the 12th Five-Year Plan, Yangpu District is leveraging its wealth of scientific and technological resources, strong industrial base, strategic location and innovative government policies to evolve into a low-carbon and eco-friendly modern industrial center. The District is expected to rapidly become a high-end international business center with a unique blend of services that inspires innovation and creative ideas.

In accordance with the 12th Five-Year Plan, Yangpu District will continue its transformation from a traditional industrial community into an urban center driven by innovation. The District will:

- Prioritize the development of a modern knowledge-based services sector
- Develop a robust high-technology industry
- Nurture and optimize emerging industries of strategic importance
- Upgrade and restructure urban industries
- Enhance the development of services related to commerce, tourism, culture and sports

Future outlook

In the first three quarters of 2011, economy of Yangpu District progressively achieved a GDP of CNY 77 billion, it was a 14% increase compared to same time in 2010; Yangpu District also completed fixed asset investment totaled CNY 13.4 billion in this period, which was a 12.1% increase compared to the data in 2010; as well as the realization of CNY 20.3 billion in total retail sale of consumer goods, which was up 13.9% from 2010. Generally speaking, economic growth of Yangpu District is superior to that of the Shanghai average. In the future, structure of the economy will be further optimized, and the key industries and functional areas in Yangpu District will continue to play vital roles in leading the economy of Yangpu to an even brighter future.

As economic globalization continues, Yangpu District will further develop its knowledge-based services sector, which features modern design, technological finance, education and other hallmarks of high-tech industries. While traditionally an industrial center, it is important for Yangpu District to transform itself by continuing to fully utilize synergies achieved through its flourishing modern services sector, high concentration of academia and the availability of science and technology incubation centers. Efforts also will be made to promote cooperation among academia, enterprises and research institutions to realize mutually beneficial partnerships. Yangpu District will play a significant leadership role in Shanghai's industrial restructuring and become the new benchmark for the city's economic and social development.

Government Agencies Serving Foreign Investment in Yangpu District

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Tel: +86 21 5509 0663

Fax: +86 21 5509 0663

Shanghai Yangpu Bureau of Commerce

Address: Floor 25 and 26, No. 5 Anshan Road, Shanghai

Tel: +86 21 6563 8800

Fax: +86 21 6563 1555

Website: www.shypec.gov.cn

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